

COMMITTEE WORKSHOP

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Future of Energy Efficiency,)
Public Benefits Program)
_____)

AUDITORIUM

STATE OFFICE BUILDING 9, ROOM 102

744 P STREET

SACRAMENTO, CALIFORNIA

THURSDAY, SEPTEMBER 9, 1999

10:10 A. M.

Reported by:
Debi Baker
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1 P R O C E E D I N G S

2 10:10 a.m.

3 PRESIDING MEMBER LAURIE: Good morning.
4 My apologies for getting a late start. Is that --
5 do we see Commissioner Sharpless?

6 ASSOCIATE MEMBER PERNELL: I think we
7 do.

8 PRESIDING MEMBER LAURIE: Hi, Jan, how
9 are you doing? Good to see you.

10 ASSOCIATE MEMBER PERNELL: She's trying
11 to hide back there.

12 PRESIDING MEMBER LAURIE: My apologies
13 for starting the meeting late. There were some
14 elements out of my control this morning. Often
15 seems like life, gets out of control.

16 The purpose of today's meeting is a
17 continuing workshop on the Public Benefits
18 Program. You have agendas available for you. I
19 think the purpose of today's meeting is clear.
20 Certainly questions regarding goals and purposes
21 will be in order.

22 We will be asking Energy Commission
23 Staff to summarize where we've been. And, again,
24 the purpose of today's meeting, we'll also ask
25 Energy Commission Staff to advise you the process

1 to be followed today.

2 One word of caution regarding today's
3 meeting. And I cannot be more serious about this
4 point. And, again, it is a word of caution. We
5 do have a professional facilitator with us today.

6 Now, often, when you have dealt with
7 facilitators, you have used them in the context of
8 attempting to reach consensus on various points.
9 That is normally what facilitators are used for.
10 That is not our purpose today. We are information
11 gathering today.

12 One, I question seriously whether
13 consensus could be reached on any issue that we
14 may be discussing today by the individuals in this
15 room. But, as you put information up on the board
16 it is not our expectation that you will look at
17 that information in whatever order or context it
18 may appear, and have some understanding that this
19 is the deal. That is not the purpose for putting
20 your comments on the board today.

21 The purpose of putting your comments on
22 the board today are to educate us as to your
23 thoughts and your concerns.

24 (Cellular phone ringing.)

25 PRESIDING MEMBER LAURIE: I assume

1 everybody will now check their machinery.

2 (Laughter.)

3 PRESIDING MEMBER LAURIE: And that was
4 right on cue, thank you very much.

5 I'd like to again introduce to my left
6 my Associate on the Energy Efficiency Committee,
7 Robert Pernell. Commissioner Pernell, do you have
8 any opening comments this morning?

9 ASSOCIATE MEMBER PERNELL: None, other
10 than to say good morning and welcome.

11 PRESIDING MEMBER LAURIE: Good job. To
12 my right is my Advisor, John Wilson; and to
13 Commissioner Pernell's left is Commissioner
14 Pernell's Advisor, Laurie ten Hope.

15 At this time I'd like to ask John Sugar,
16 who is the team lead in preparation of the report,
17 to provide a quick status report.

18 Upon completion of Mr. Sugar's comments,
19 Kae Lewis will discuss with you the format to be
20 followed today.

21 Mr. Sugar.

22 MR. SUGAR: Thank you. I'd like to
23 welcome you here sort of on behalf of Energy
24 Commission Staff. We held a workshop last month
25 and from that first workshop it became apparent

1 that the issues related to goals for the Public
2 Goods Charge Program were going to be a very
3 important aspect of the work that the Efficiency
4 Committee is doing.

5 So the goal of today's workshop, at
6 least the morning session, is to focus on the
7 issues related to program goals so that both the
8 Committee and staff are able to get a better idea
9 of some of the issues that have to be dealt with
10 and some of the decisions that the Committee will
11 have to make.

12 Kae Lewis will be introducing Gail
13 Mancarti, who is our facilitator today.

14 And just administrative issues, if you
15 need to use the restroom, they are located in the
16 hall which is to my left, actually, outside that
17 wall of the building. There's a bright red sign
18 on the door that says "estrooms" and "tairwell".
19 And that is where you go.

20 (Laughter.)

21 MR. SUGAR: We have a couple of
22 workshops coming up. At the end of the day I'll
23 discuss those a little bit. And I would like to
24 turn this over now to Kae Lewis.

25 MS. LEWIS: Good morning, everyone, and

1 welcome to this workshop on goals and program
2 planning. I wanted to make sure that you all had
3 a handout which has an agenda. It has a second
4 page with a figure on it, the planning framework.
5 And then it has a three-page paper.

6 PRESIDING MEMBER LAURIE: Can we ask a
7 question about the agenda at this point? Do you
8 all have a copy of the agenda? We have a morning
9 program and an afternoon program. And from
10 reading the agenda it kind of looks like the
11 workshop ends at 3:30, and then about a half hour
12 later Commissioner Pernell and I, after everybody
13 has left, give our closing statements.

14 (Laughter.)

15 PRESIDING MEMBER LAURIE: Is that how
16 it's supposed to work, or -- so I assume we're
17 planning on having the workshop end at 4:30?

18 MS. LEWIS: At 4:00.

19 PRESIDING MEMBER LAURIE: At 4:00, okay.
20 You're all willing to wait around --

21 MS. LEWIS: Our objectives today, as
22 stated in your agenda handout, is for the CEC to
23 gain public insight on the PGC Program Benefits
24 and Goals, and to receive feedback on a proposed
25 program planning framework.

1 I'd like to mention just briefly that on
2 your agenda you'll see that the morning says
3 discussion A and the afternoon discussion B. If
4 you look very quickly on the second page of your
5 figure, you'll see that discussion A is the
6 discussion of goals; and discussion B is the
7 discussion of the rest of the framework.

8 These two discussions are linked. The
9 identification of goals, discussion A, is really
10 the first and most important step in program
11 planning, which is our discussion B.

12 So what do we need from you today? As a
13 result of this meeting we would like to have your
14 ideas on program benefits and goals. And we'd
15 like to try to get these as specific as we
16 possibly can.

17 And would also like to find out what
18 kinds of conflict there might be among these
19 goals.

20 We'd like to use this information in the
21 development of an administrative structure, and a
22 program planning process. Both of which have to
23 support those goals.

24 Second of all, we need to have your help
25 in developing our proposed program planning

1 framework, which is still in a very rough stage.
2 We need your help in making this program planning
3 process operational. We'd like it to pass the
4 concept test. And we'd like to have your help
5 today in giving us input on that.

6 Just some words on the workshop format.
7 We've set up this room as much as possible to
8 encourage a conversational flow. But we do have
9 some constraints to that. We have to formalize it
10 for the purpose of recording the information. We
11 have flip charts up here and as we have
12 conversation recorders will be taking down some
13 information. And we also have microphones which
14 will be passed to you when you wish to speak.
15 We're asking that you identify yourself as soon as
16 you get a microphone and begin to speak.

17 Also, we'd like to encourage you after
18 this workshop that if you have any further
19 comments, written comments that you would like to
20 send to us, by all means, do that electronically
21 or by mail, or feel free to give us a call on the
22 telephone.

23 I also want to mention that there is CEC
24 Staff here in the room today serving different
25 functions. There are team members who are working

1 directly on the program planning issues. There
2 are also some staff members who are handling the
3 logistics, the recorders and dealing with the
4 microphones and so forth.

5 We encourage you to engage with our
6 staff today as much as possible, and of course,
7 with our Commissioners and Advisors throughout the
8 day.

9 If there's anything we can do to make
10 your flight more comfortable--

11 (Laughter.)

12 MS. LEWIS: -- don't hesitate to call on
13 us.

14 So now I would like to introduce our
15 neutral facilitator. Her name is Gail Mancarti.
16 And she is going to take over. Thank you.

17 PRESIDING MEMBER LAURIE: Is the sound
18 system working okay? Okay, Kae's microphone
19 seemed to sound okay, folks in the back hear
20 better now than they did last time. Okay.

21 FACILITATOR MANCARTI: Good morning,
22 it's nice to be with you all. I have the pleasure
23 of facilitating this conversation today. What I'd
24 like to do is to just put one final role
25 clarification with my colleague, Kae.

1 I'm here to facilitate the process and
2 the flow of your conversation. Kae is going to
3 listen to the content. And if we happen to be
4 getting off track of what we set out to do today,
5 she's going to jump up, but probably not that
6 dramatically, and suggest that it go onto this
7 chart right here, which is the VIP list, or the
8 very important points that might be carried over
9 into future workshops or future work.

10 So I just want to let you know that
11 that's the role that she will be playing as well
12 as clarifying information that might need to be
13 clarified throughout the day.

14 And also remember that if you have an
15 idea that isn't on point to what we're talking
16 about, either the benefits, goals or framework,
17 but want to jot it down, and have it listed for
18 the CEC Staff's attention, then feel free to ask
19 that that point be put on the VIP list.

20 I get to review the agenda with you, so
21 if you have it, your packet, it's the first page.
22 We are progressing on time at this point. We're
23 going to spend the next two hours from 10:30 to
24 12:30 discussing our first issues, and that has to
25 do with benefits and goals.

1 We will be breaking that discussion up
2 into sort of two segments, and I think we'll get
3 some good information from that.

4 We'll take a lunch break from 12:30 to
5 1:30, and at 1:30 we'll reconvene and Kae will
6 present the framework in which they're looking at
7 program planning. And that, again, as she
8 mentioned, is portion B on your second sheet of
9 your packet.

10 And then we're going to have you talk
11 about what that framework means to you; what your
12 first look at it; what are you ideas so far; what
13 do you want people to continue to talk about and
14 think about. And we will be doing that from 1:50
15 until 3:30. And this is where you can make some
16 adjustments on your agenda.

17 So at 3:30 we anticipate having a
18 workshop summary and next steps from John. At
19 3:40 we'll have some closing statements from the
20 Commissioners. And then at 4:00 the workshop
21 ends.

22 So that's the flow of the day. Any
23 questions? Good. That was easy. Okay, let's
24 jump right into it, it's 10:30, it's time to get
25 to work.

1 Okay, so we are going to begin with a
2 discussion of the public purpose benefits. Okay,
3 what I'd like to do is share with you this chart
4 which, if you want to focus your attention on that
5 item A, it's essentially in the framework, it's
6 the over-arching goal.

7 The CEC believes that the purpose of the
8 PGC program is to pursue cost effective energy
9 efficiency and conservation for the purpose of
10 capturing public purpose benefits. This is what
11 can be called the over-arching goal in the
12 framework.

13 Secondly, it's -- yeah?

14 MR. MILLER: Peter Miller. The first
15 sentence on the paper is a sentence that says
16 something different -- the first sentence on the
17 paper has a different statement than that, and I'm
18 just wondering --

19 FACILITATOR MANCARTI: The first
20 sentence of the packet or the --

21 MR. MILLER: The draft paper.

22 FACILITATOR MANCARTI: The draft paper?
23 Kae, Peter's referring to the information in --
24 hang on, we'll get Kae to take a look at that.

25 MS. LEWIS: I think we can go ahead and

1 go with what we have here. I don't think this
2 violates what it says in the paper.

3 PRESIDING MEMBER LAURIE: Well, let's
4 talk about where that sentence came from and where
5 this sentence came from; and whether one has a
6 different status than the other, or both represent
7 one staff member's thoughts as opposed to another
8 staff member's thoughts. Can somebody clarify
9 that, please?

10 MR. GOLDSTONE: Sy Goldstone. This
11 sentence in the paper is clearly a quote from AB-
12 1105, right? And I think if you read it, it says
13 the word through sustainable. So this merely
14 effects a means of achieving that purpose. It's
15 not a purpose in its own right, the part that
16 says -- after the word through.

17 So I think that's where I see the
18 reconciliation between what's in the paper and
19 what's on that chart.

20 MR. MILLER: Well, that's where I see
21 the conflict. I mean I don't want to belabor the
22 point, but this language is similar to what is in
23 AB-1890, which in my mind defines the purpose,
24 it's where the public goods charge is established,
25 is the clear purpose stated for the energy

1 efficiency funds in the public goods charge
2 section of AB-1890. And it says cost effective
3 energy efficiency and conservation.

4 AB-1105 directs the CEC to write a
5 report, but it doesn't establish the PG charge or
6 determine the purpose for those funds. And it
7 seems to me that the appropriate cite should be
8 AB-1890.

9 MR. GOLDSTONE: I'm just not clear where
10 the conflict is. It seems to me in one case we
11 are -- both cases the objective is principal
12 purpose is clear. The only difference is in the
13 draft it adds to the purpose a means by which that
14 purpose may be achieved.

15 And there may be differences -- there
16 may be other means. In fact, in the paper I think
17 it goes on later to talk about the fact that there
18 are different program styles, and there may be
19 different means and some different program styles
20 for achieving the over-arching objective.

21 So that's why I'm struggling, Peter,
22 with where you're having the problem.

23 FACILITATOR MANCARTI: Jody, do you have
24 a clarifying point?

25 MS. LONDON: Yeah. Hi, Jody London with

1 Grueneich Resource Advocates. I'm here on behalf
2 of the National Association of Energy Service
3 Companies. And I think that perhaps the specific
4 words that are creating some of the difficulty
5 here are that the paper talks about sustainable
6 cost beneficial improvements.

7 Peter, is that the part of it that's a
8 little bit confusing?

9 MR. MILLER: I think, just in the
10 interest of clarity and accuracy it's useful to
11 have a clear statement of purpose and decide the
12 correct source for that. And the paper doesn't do
13 that, in my mind.

14 MS. TEN HOPE: The goal in the paper is
15 out of AB-1105, so it's, you know, -- and it does
16 cite AB-1105. But it's your issue that this is
17 more of an over-arching goal --

18 MR. MILLER: Yes.

19 MS. TEN HOPE: -- on the board than this
20 one aspect of AB-1105?

21 MR. MILLER: Right. That's right.

22 MS. TEN HOPE: And how is this more
23 over-arching than --

24 MR. MILLER: Because it doesn't confuse
25 the issue with a means to get to that goal. And

1 as Sy stated, there's a variety of means to get to
2 that goal.

3 The goal should be clearly state and the
4 correct cite is -- I mean the legislative goal was
5 established in the legislation that established
6 the charge. I mean there's a clear goal.

7 FACILITATOR MANCARTI: Peter, would you
8 like us to do something about it, or do you feel
9 like you've had a chance to share your thoughts
10 and we can proceed?

11 MR. MILLER: I've had a chance to share
12 my thoughts.

13 FACILITATOR MANCARTI: Okay.

14 MR. MILLER: I don't want to belabor the
15 point.

16 FACILITATOR MANCARTI: Great.

17 MR. MILLER: But I --

18 FACILITATOR MANCARTI: Thanks for
19 bringing that out.

20 PRESIDING MEMBER LAURIE: Well, I don't
21 consider the point belabored. The purpose and
22 goal of all this is paramount. And if there's a
23 real issue I would like to be able to understand
24 it.

25 The quote in the paper is a correct

1 quote, is that correct?

2 MS. TEN HOPE: Yes.

3 PRESIDING MEMBER LAURIE: Okay. And is
4 it taken out of context to say that the quote
5 reflects the goal of the PGC. So, Mr. Miller, do
6 you have any problem with the correctness of the
7 first sentence of the paper?

8 MR. MILLER: Yes.

9 PRESIDING MEMBER LAURIE: You have a
10 problem with the correctness of it?

11 MR. MILLER: Yes.

12 PRESIDING MEMBER LAURIE: And could you
13 again state where you believe the first sentence
14 is incorrect?

15 MR. MILLER: I believe the first
16 sentence is incorrect in that that cite from AB-
17 1105 does not establish the over-arching goal of
18 California's public goods charge.

19 PRESIDING MEMBER LAURIE: Okay, so your
20 complaint, or your expression of concern is that
21 the quote is correct, but it's taken out of
22 context. And that it does not reflect what you
23 believe the goal to be?

24 MR. MILLER: Right. That cite, that
25 statement in AB-1105 merely says it's one of the

1 factors that the Commission is supposed to
2 consider in drafting this report.

3 But in AB-1890, which established the
4 public's good charge, there was a purpose, an
5 over-arching goal established. And so there is a
6 clear source for an over-arching goal, an accurate
7 cite, that's not that different than this, but is
8 different, and should be correctly cited.

9 PRESIDING MEMBER LAURIE: Thank you.

10 FACILITATOR MANCARTI: There's about
11 three folks that have indicated they'd wanted
12 briefly to speak, so that would be great. I think
13 it's Will, did you want a quick comment?

14 MR. NELSON: Sure.

15 FACILITATOR MANCARTI: Are you okay?
16 Okay. And then Sy and then Mike.

17 MR. NELSON: Just briefly. I guess
18 we're caught up in a means-and-ends discussion, or
19 a chicken-or-egg discussion. Another one of those
20 types of discussions we often get caught up in,
21 structure and function.

22 So, it's not that it's not valid, but
23 it's a question of how our thought processes are
24 working.

25 But, addressing the two cites

1 specifically, I see no inconsistency between the
2 two cites, and I would just view the cost
3 beneficial portion of the 1105 site as being
4 redundant and repeating the cost effective
5 implication of both sites.

6 What 1105 adds is the concept of
7 sustainability. And that's really the only
8 substantial difference I see between the two
9 cites.

10 FACILITATOR MANCARTI: Thanks, Will.
11 Let's see, we had Sy and then Mike. And then
12 Chris.

13 MR. GOLDSTONE: I think there is, you
14 know, a little tension here. I'm sort of agreeing
15 with Peter on that. I just wanted to add a little
16 more confusion.

17 I'm looking at the PUC policy framework,
18 which I think they adopted in March of '98. And I
19 noticed the way they put it is a little
20 differently. They say the mission of PGC-funded
21 programs is to transform markets and ultimately
22 privatize the provision of cost effective energy
23 efficient products and services so that customers
24 seek and obtain these products and services in the
25 private competitive market.

1 So, there are different ways of framing
2 this, and they probably do have subtle
3 differences. But it seems that there is sort of a
4 movement in this direction towards the increased
5 emphasis on sustainability without necessarily
6 saying that all programs need to fit into one
7 particular rigid program style.

8 That's how I'm sort of seeing it. I'm
9 not trying to clarify, I'm just sort of --

10 FACILITATOR MANCARTI: Thank you, Sy.
11 Mike, could you identify yourself. The first time
12 you speak if you could identify yourself and your
13 organization.

14 MR. MESSENGER: Mike Messenger. I work
15 at the CEC. This is an issue that the Committee's
16 going to have to face throughout this workshop.
17 And I'll try to characterize it as to what extent
18 does AB-1105 provide policy guidance from the
19 Legislature, as opposed to merely asking
20 questions.

21 What I see happening is some parties who
22 read those questions infer certain policy goals or
23 principles that the Legislature is now likely to
24 adopt. And I hear other people reading the same
25 words, using a different interpretation, which is

1 the Legislature is simply asking you to answer
2 these questions, and they don't mean to be
3 changing any of their previous legislation or
4 goals or approaches or anything.

5 I think the Committee is going to have
6 to wrestle with is there any inferences that you
7 can draw from these questions or not. And quite
8 frankly, I think you can argue both cases
9 persuasively in a court of law.

10 So, it's just something that the
11 Committee is going to have to wrestle with.

12 FACILITATOR MANCARTI: Thank you.
13 Chris.

14 MR. CHOUTEAU: I'm Chris Chouteau, PG&E.
15 Some people might be very discouraged that we're
16 starting off going down this trail, but I'm
17 actually very encouraged, because this is a
18 beginning. And beginnings are so important.

19 And you are inheriting sort of a long
20 legacy of debate about these programs. And there
21 is very little around which there has been
22 consensus, but one of the notions has been that
23 energy efficiency is a good thing.

24 And most of the debate is sort of how,
25 not so much what. And I think what Peter's

1 bringing up is if we could be as clear as we can
2 in the beginning about the what, that energy
3 efficiency, itself, is a good thing for a number
4 of different reasons. And stay away from the how,
5 which gets into sustainable, you know, approaching
6 it from a sustainable point of view, or market
7 transformation point of view, or resource
8 acquisition point of view.

9 I think that would be really helpful to
10 be as clear and as clean as we can be about the
11 goal statement, and to keep out of it issues
12 around the how you get there. Because there's so
13 much detail and so much debate that will be
14 helpful about that, but --

15 FACILITATOR MANCARTI: Thank you, Chris.
16 Manuel, and then Rich and Bruce -- and Kae.

17 MR. ALVAREZ: Manuel Alvarez of Southern
18 California Edison. I guess, you know, the debate
19 that I'm seeing here is where you put this thing
20 in context.

21 The sentence that's in the report puts
22 it in context within the California market. I
23 don't think that statement up there takes it out
24 of that context.

25 So whatever you do in public good charge

1 and energy efficiency and conservation must be
2 within this context of this new market. And, you
3 know, whatever stage of development it's in,
4 because you're looking at the post-transition
5 period. So we've got a couple of years still in
6 terms of what the market's doing, that you have to
7 kind of put this program within that new
8 structure.

9 So you have to keep that in mind from a
10 policy perspective, as well, because the
11 sustainability issue refers to the California
12 market. And efficiency and conservation is part
13 of that component, as well as everything else the
14 market has established.

15 FACILITATOR MANCARTI: Thank you. Rich,
16 I think it was, and then Bruce.

17 MR. FERGUSON: Rich Ferguson with the
18 Sierra Club.

19 I'd like to make one further suggestion.
20 I mean I think everybody in the room knows how
21 this language came about, both the language in AB-
22 1890 and the language that's in AB-1105.

23 I think rather than spend time arguing
24 about the niceties of these various presentations,
25 one of the roles of this Committee is to translate

1 this -- talk into sort of common language that,
2 you know, folks can understand.

3 And, you know, I think both of these
4 sort of miss that. I mean we could reproduce
5 this, we could reproduce the language in 1105, and
6 I think most people still wouldn't have a clue of
7 what we're talking about.

8 So rather than argue about which one of
9 these is going to be the top lead sentence in the
10 report, I think we need to spend some time
11 translating these into, you know, common, everyday
12 language that folks can understand.

13 FACILITATOR MANCARTI: Thank you.

14 MR. FERGUSON: Of course, I have a
15 suggestion for how to do that.

16 FACILITATOR MANCARTI: Thanks, Rich.
17 Bruce, Kae and then David.

18 MR. CENICEROS: Bruce Cenicerros with the
19 CEC. I'm glad Peter brought this up. This is a
20 very important discussion. There are things we'll
21 have to wrestle with here in terms of the policy
22 implications of AB-1105.

23 But I think for the purpose of this
24 discussion today where we want to get feedback
25 from everybody on goals, and the resulting

1 benefits we'd like to see from this over-arching
2 goal, and some more specific goals, too, I would
3 suggest that we go with the definition we have up
4 here, which does not include the means to the
5 goal, but just the goal.

6 We are trying to simplify things. It's
7 a good point Rich brought up. We need to simplify
8 this discussion as much as possible, and I think
9 that will help do it if we can all agree to go
10 with this one up here.

11 Later on, in other forums, we'll be
12 talking at great length about the means of how to
13 get to that goal. So, I would suggest we go with
14 this goal here of focusing on cost effective
15 energy efficiency as the goal of the programs and
16 the benefits that flow from energy efficiency.

17 Because energy efficiency, in itself, is
18 not worth anything to anybody. It's the benefits
19 you get from that that are really important. And
20 that's really what we want to talk about today.

21 FACILITATOR MANCARTI: Kae and then
22 David.

23 MS. LEWIS: Kae Lewis. Actually I want
24 to follow on from what Bruce just said, and what
25 Chris Chouteau said. The purpose of starting with

1 this definition was ont to create an official
2 definition. This was just something to work with
3 to get started.

4 Because what we wanted to start with was
5 the why. Why are we doing this. Start at the top
6 level and work our way down to more specific whys,
7 more specific goals. And then to the means.

8 So that was really the purpose of this
9 definition.

10 FACILITATOR MANCARTI: It's a working
11 definition so we can start the conversation around
12 benefits and goals.

13 David and then we'll start.

14 MR. ABELSON: At the risk of throwing a
15 bit of a monkey-wrench into this discussion, I
16 recall from our last workshop that there was
17 actually what appeared to be disagreement about
18 the over-arching goal of the PGC Fund.

19 And the disagreement I would summarize
20 as being this: Is the goal, over-arching goal, to
21 achieve energy efficiency, however one defines
22 that, and its related benefits. Or is the over-
23 arching goal to achieve market transformation and
24 clear, pure consumer choice. And if energy
25 efficiency results from that, that's fine. If it

1 doesn't, that's fine.

2 I don't have any personal opinion, and
3 on behalf of the staff, I don't know that we have
4 a strong view on this, but I would suggest that
5 the issue that Peter has started about whether the
6 over-arching goal is to achieve cost effective
7 energy efficiency, or the related clause that's in
8 the paper through sustainable market
9 transformation, is something that ultimately
10 somebody's going to have to answer, either through
11 the Committee, the Commission, the Legislature or
12 somewhere.

13 FACILITATOR MANCARTI: Thank you.
14 David, could you identify yourself for the
15 recording --

16 MR. ABELSON: Yes, I'm sorry. David
17 Abelson with the Energy Commission Staff.

18 FACILITATOR MANCARTI: Great. Okay. So
19 we've had a grounding in what this is to be used
20 for today, and some good discussion on some
21 alternative interpretations and linkages to the
22 work at hand.

23 Any final questions or comments?

24 PRESIDING MEMBER LAURIE: Just noted we
25 have 1523 more sentences to go.

1 (Laughter.)

2 FACILITATOR MANCARTI: Thank you,
3 Commissioner, appreciate it.

4 Okay. What I'd like you to do is to
5 turn your attention to perhaps generating a list
6 of benefits.

7 There are some examples of the types of
8 statements that might be helpful in terms of
9 describing the benefits that you see from the
10 program. And here are some examples. And these
11 are only examples. These are not anything for you
12 to tear apart. In fact, we're going to get rid of
13 this sheet and you're going to start with a clean
14 slate.

15 But here's some examples of the type of
16 information that we're looking at at this point.
17 A benefit: Improve reliability of the electricity
18 delivery system. Reduce energy costs in electric
19 and gas markets. Improved environmental quality.
20 Create equity among California citizens and
21 ratepayers. And enhance quality of life.

22 So those are the kinds of benefits and
23 information that we're kind of looking for right
24 now. So what I'd like to do is ask that we take
25 about the next 30 minutes or so and give you a

1 chance to share your ideas amongst the colleagues
2 in the room, the Commissioners, and about the
3 benefits that you see from the program.

4 Let me just also remind you you're doing
5 a great job. For recording purposes, the first
6 time you speak, if you could state your name and
7 the organization that you're with. And feel free
8 to ask clarifying questions of one another. We're
9 here to sort of probe the information.

10 But, again, this is idea generation
11 rather than driving your point home. So we've got
12 about 30 minutes to reach as many of you as
13 possible, and we hope that each one of you has a
14 chance to talk about the benefits that you see.

15 So, Ignacio is going to be handling the
16 mike on this side of the room, Chris on this side
17 of the room. So who would like to begin? Mike.

18 MR. PARTI: I'm Michael Parti from
19 Applied Econometrics. I thought the previous list
20 was really a very good beginning. There's another
21 obvious one that we could probably add, which is a
22 reduced vulnerability to collusion by foreign oil
23 producers.

24 Because every once in awhile when we
25 have these oil shocks, it's very disturbing to us.

1 And we can dampen those shocks if we structure our
2 energy consumption properly.

3 FACILITATOR MANCARTI: Thank you, Mike.
4 Who else would like to add to the list, ideas
5 around benefits?

6 MR. NELSON: Will Nelson for Residential
7 Energy Efficiency ClearingHouse, REECH.

8 I have a bit of a problem with the B
9 benefit that was listed on the previous sheet, as
10 being too simplistic. And that being reduced
11 energy costs.

12 There's a lot bound up in that concept.

13 FACILITATOR MANCARTI: Could you
14 describe something that you would --

15 MR.. NELSON: Well, it's --

16 FACILITATOR MANCARTI: -- that you would
17 see --

18 MR. NELSON: -- the problem --

19 FACILITATOR MANCARTI: -- as a benefit?

20 MR. NELSON: -- with reduced energy
21 costs, there's a fundamental problem with energy
22 pricing, in that countless externalities are not
23 priced into it. And it's politically very popular
24 and -- it's very popular to simply say, well,
25 let's pound down costs. Let's have the lowest

1 costs possible.

2 I can give you another example. In
3 raising food that's very -- that's a very popular
4 approach, too. Let's have the lowest cost, eggs,
5 or wheat or bread that we possibly can.

6 What that often results in is inferior
7 quality food. Food where the nutrition has been
8 driven out of it, okay.

9 With respect to energy this fixation on
10 having the absolute lowest cost tends to drive a
11 decision-making process that drives other
12 considerations out.

13 FACILITATOR MANCARTI: Okay, --

14 MR. NELSON: So I can't come to
15 conclusion on it. I recognize that energy
16 efficiency can provide economic benefits but I
17 think it's been termed a little bit too
18 simplistically.

19 FACILITATOR MANCARTI: Okay.

20 MR. NELSON: Thank you.

21 FACILITATOR MANCARTI: Thanks, Will.
22 We've got it down here. Other ideas? Chris and
23 then Mike.

24 MR. CHOUTEAU: Chris Chouteau, PG&E. If
25 you would actually post that other chart it would

1 be helpful.

2 FACILITATOR MANCARTI: You like those?

3 MR. CHOUTEAU: Well, just --

4 FACILITATOR MANCARTI: You want to tear
5 them apart?

6 MR. CHOUTEAU: -- Will was referring to
7 one, it would be helpful just to see them, you
8 know.

9 FACILITATOR MANCARTI: Okay. Go ahead.

10 MR. CHOUTEAU: But I think it's, you
11 know, on the simplest level energy efficiency has
12 always been driven by the economic benefits to
13 participants and nonparticipants, the externality
14 benefits, environmental benefits to the whole of
15 society. And the secondary benefits in the
16 economy to both participants and nonparticipants
17 of a more efficient economy.

18 And also as a kind of third order
19 there's always been the sort of national security
20 benefits.

21 FACILITATOR MANCARTI: Great, thanks.
22 Mike. Grab the mike.

23 MR. MESSENGER: Mike Messenger, CEC
24 Staff. I have two that may be overlapping with
25 this list, but I consider them distinct. The

1 first one is energy efficiency I see as an
2 insurance policy against potential future global
3 climate change. And I think it's a long-term one.

4 The second one that I'd like you to
5 consider is the potential benefits in terms of
6 stimulating innovation in the energy services
7 market in general. Not just the energy efficiency
8 market, but the energy services market, in
9 general.

10 FACILITATOR MANCARTI: Other ideas on
11 benefits? Mike up here.

12 MR. RUFO: Mike Rufo from Xenergy. The
13 one I wanted to add was to contribute to the
14 availability of nonrenewable energy resources for
15 future generations.

16 And related to that is increase the
17 likelihood of making a transition to renewable
18 sustainable energy-based economy.

19 FACILITATOR MANCARTI: Okay, great. We
20 want to -- this is going to be used just as a
21 quick reference. The tape recording is the
22 permanent transcript, so this is going to be a
23 quick reference for our conversation throughout
24 the rest of the day. So we're not going to stop
25 to make sure that that gets down, but it will get

1 down.

2 Yes, in the back. And your name?

3 MS. GRIFFIN: I'm Karen Griffin from a
4 different wing of the Energy Commission. And a
5 potential benefit of this might be to assist with
6 the Commission's supply adequacy problems in the
7 mid period between 2002 and 2004.

8 And if it were designed in a particular
9 way, to deal with some particular local
10 reliability problems.

11 FACILITATOR MANCARTI: Okay, great.
12 Scott.

13 MR. MATTHEWS: Scott Matthews, CEC
14 Staff. My two favorite ones are improved
15 productivity, both in terms of especially
16 classroom learning abilities with these energy
17 efficiency techniques. And in businesses, in
18 sales.

19 And then the second one is the ability
20 for use energy efficiency so consumers can control
21 their own energy bills.

22 FACILITATOR MANCARTI: Remember, you can
23 ask clarifying questions of one another about what
24 any of these ideas might mean. Yes?

25 MR. TUVELL: I'm Ray Tuvell with the

1 Energy Commission Staff. Can I suggest that these
2 are hypotheses instead of actual benefits? And
3 the reason for that is I believe that in many
4 cases these are things that people feel and in
5 their heart may believe, but the dilemma in many
6 cases is the lack of quantification to the extent
7 to which is actually occurring.

8 FACILITATOR MANCARTI: Thank you. Will.

9 MR. NELSON: If I could just fill out
10 the discussion I had previously. It's not to put
11 anything off, but again with respect to the
12 reduced energy cost issue. And on 2D, talks about
13 the creation of equity.

14 It must be recognized if we're truly
15 successful on a major scale level in introducing
16 energy efficiency into markets, in very regulated
17 areas of cost and pricing, for instance,
18 electricity markets, which still tend to be highly
19 regulated, if one sector reduces its contribution
20 to the ratebase, that's obviously going to have
21 effects on the rate design, and probably push up
22 costs, at least in the mid-term, for other
23 sectors.

24 So I just wanted to give another
25 illustration that simply reducing costs on a price

1 level concept is not correct.

2 I wanted to echo -- this is along the
3 lines of what Mike Messenger said, but it's a
4 little -- it's an interpretation of it. He said
5 stimulates innovation and services market. I
6 would be even more specific in saying that
7 innovations in energy efficiency will stimulate
8 innovations in energy quality. The quality,
9 literally the quality of the current that's
10 delivered to the customer.

11 They will become more aware of it, and
12 the producers of the current and the distributors
13 of the current are going to be delivering that in
14 a higher quality fashion in the future.

15 FACILITATOR MANCARTI: Great. Thanks,
16 Will.

17 ASSOCIATE MEMBER PERNELL: Let me jump
18 in for a second --

19 FACILITATOR MANCARTI: Sure,
20 Commissioner.

21 ASSOCIATE MEMBER PERNELL: -- and ask a
22 question on this. Clearly, at least in my mind,
23 reduce energy costs of electric and gas is a
24 benefit. And you're saying that it's not. At
25 least what I'm hearing you say is that's not that

1 much of a benefit?

2 FACILITATOR MANCARTI: Chris.

3 MR. NELSON: As long as we don't confuse
4 costs with the price level, you're correct,
5 Commissioner. A reduced cost would be a benefit.

6 The concept is often confused with
7 price, especially in ratemaking on electricity and
8 gas. That was the point I was trying to
9 emphasize.

10 The other point I was trying to make is
11 if we're really successful with energy efficiency
12 services impacts in markets, there will -- it's a
13 more complex equation. There are some consumers
14 that may start absorbing higher costs. Those
15 costs may or may not be equitable.

16 Hopefully the market process, overseen
17 by regulation to some extent, will make it
18 equitable. But we don't know that that's so.
19 It's a complex equation. Because we have fixed
20 costs.

21 There's something called fixed costs,
22 for instance in the electrical system. The fixed
23 costs, or the base costs are extremely high. If
24 we had real impacts on major sectors using a lot
25 less energy in very short periods of time, in this

1 case say a five-year period is a relatively short
2 period of time in terms of amortizing the costs,
3 that may very well impact the rate design.

4 And without getting into a rate case or
5 rate theory, there are some parties that would say
6 that's already happened, or begun to happen with
7 the small commercial sector. The small commercial
8 energy user is tending to absorb a substantially
9 higher cost than say the industrial users or now
10 the users that are able to enter markets in an
11 aggregated fashion and begin to take advantage of
12 these price benefits.

13 Some parties would say some cost
14 shifting is beginning to occur down into that
15 segment. In the same fashion, impacts on energy
16 efficiency could have cost shifting implications.

17 FACILITATOR MANCARTI: Do you have a
18 follow-up question, Commissioner?

19 ASSOCIATE MEMBER PERNELL: I'm still a
20 little bit -- I'm not understanding what your
21 point is. We're just looking at benefits of
22 energy efficiency. And if we can reduce the cost
23 of energy as it relates to energy efficiency and
24 through the public good charge, I see that as a
25 benefit.

1 Now, you're kind of doing a different
2 spin on it, talk about rate shifting and some
3 other things that I don't see that's up there.
4 But I'm specifically concerned about is there a
5 benefit to reducing energy, electricity and gas
6 costs. Is that a benefit to the California
7 consumer?

8 FACILITATOR MANCARTI: Will, if you
9 could take just a few minutes, and then it looks
10 like Mike and --

11 MR. NELSON: Yeah, I can wind it up.
12 I'll come back to my original point, and that was
13 to be on point. What I think is most on point is
14 there are costs that are not costed in, and that's
15 the concern that I was bringing into it.

16 And in the case of energy there are a
17 lot of externality costs that are not costed in.
18 So that we get what, in many parties' estimate, is
19 extremely perverse outcomes of if you make energy
20 very very cheap, you encourage millions of people
21 to use automobiles in the L.A. Basin, which the
22 ultimate cost effects in terms of the effect on
23 health, quality of life, efficiency of the general
24 economy, might be very negative.

25 So, strictly speaking, reduced costs are

1 a benefit. The concern is the external costs are
2 not being factored into the equation. And if we
3 get a narrow equation we might end up with a
4 perverse outcome where the costs are actually
5 higher.

6 FACILITATOR MANCARTI: Thanks, Will.
7 Could you pass -- we need a mike at Mike.

8 MR. PARTI: I'm Michael Parti. I think
9 Will is bringing up a very interesting point.
10 He's stressing, I believe his point is that he's
11 stressing the fact that there may be trade-offs
12 among some of these goals.

13 Just because we have a lot of goals
14 doesn't mean when you work toward one you're
15 necessarily working toward the others. And so if
16 we think of a low price as a very nice thing, and
17 certainly most of us would rather pay a low price
18 than a high price, at the same time we would
19 probably rather live in less polluted communities
20 rather than more polluted communities.

21 And so I think what we should say is in
22 this case yes, it's fine to have low prices. But
23 as we go through the list of benefits, we may want
24 to also worry about which ones may compete with
25 each other. For which ones do we have to worry

1 about the trade-off problem.

2 FACILITATOR MANCARTI: Thank you, Mike.
3 Do you have any follow-up? Sy, did you have a
4 follow-up?

5 MR. GOLDSTONE: Yes. I'm in agreement
6 with the comments by Will and Mike. The word
7 sometimes used to reflect that is called societal
8 costs, to make sure that we're including all these
9 other costs that I think Will and Mike have both
10 mentioned.

11 The other point I wanted to make was I
12 agree with the benefit that Mike was sitting next
13 to me made earlier, but he didn't get up there, so
14 I'll just repeat it. It's the facilitate the
15 transition to a sustainable energy economy point.

16 FACILITATOR MANCARTI: Great.

17 MR. GOLDSTONE: One other observation,
18 since I think we're talking about public purpose
19 benefits, and --

20 FACILITATOR MANCARTI: Correct.

21 MR. GOLDSTONE: -- I think as Chris
22 pointed out, especially concern would be health
23 and economic benefits, sound like they're maybe
24 private purpose benefits, so I think we need to be
25 sure to say that they're public benefits to the

1 extent that they're not otherwise achievable
2 without this public good charge program. Just to
3 clarify that.

4 FACILITATOR MANCARTI: Okay. Thanks.
5 We have about five minutes remaining in this idea
6 generation and exploration around the benefits.
7 So, is there some other ideas that you want.
8 Could you identify yourself, please?

9 MS. AASLETTEN: I'm Ellen Aasletten with
10 the Department of Education. And past energy
11 conservation programs have resulted in impacts on
12 other building systems like the indoor air quality
13 and that kind of thing.

14 And I would like to see anything else
15 that we do in this program to emphasize that we're
16 not to take away ventilation as a means of saving
17 moneys because it impacts on the air that the
18 children, especially in schools, breathe.

19 FACILITATOR MANCARTI: Okay, great.
20 We've got it noted, thanks, Ellen. Other ideas
21 around benefits that would be derived from the
22 program? David.

23 MR. ABELSON: The only other one that I
24 would add is a very soft squishy idea of what's
25 called sometimes intergenerational equity or

1 fairness. It basically goes to the idea that with
2 nonrenewable resources if we use it now, then next
3 generation simply doesn't have it.

4 And energy efficiency, to the extent
5 that it applies to nonrenewables, obviously
6 preserves those for the next generation's use for
7 whatever purpose.

8 FACILITATOR MANCARTI: Great. Right
9 behind you. Will, do you have some benefits to
10 put on the chart?

11 MR. NELSON: Yes.

12 FACILITATOR MANCARTI: Okay. Maggie,
13 could you -- we need the formal recording, thanks.
14 And then we'll go to Mike.

15 MR. NELSON: Energy conservation in the
16 past did produce perverse outcomes in the
17 ventilation problems in the building problems. I
18 think it's fair to say that the current state of
19 energy efficiency programs are driving a better
20 building science. So better building science is a
21 benefit at this point of energy efficiency
22 programs.

23 FACILITATOR MANCARTI: Thank you, Will.
24 Mike.

25 MR. MESSENGER: I'm just asking a

1 clarification question. I've looked through all
2 of these and I understand all of them except for
3 one. But I'm not sure if there's an author of
4 this one. It's number D, called creating equity
5 among citizens and ratepayers.

6 Equity, to me, means a wide variety of
7 things. And so I'd encourage whoever wrote that
8 one up to try to give an example, maybe, or talk
9 about what equity means in this context.

10 FACILITATOR MANCARTI: It's not in the
11 list that this group is generating. It's just a
12 sample.

13 MR. MESSENGER: All right, then never
14 mind.

15 FACILITATOR MANCARTI: Mike, did you
16 have a thought --

17 MR. RUFO: Just a follow-up. That item
18 D was kind of bothering me a little bit, too, as
19 just not necessarily a benefit, but a goal of the
20 execution of a program or strategy to achieve a
21 benefit.

22 FACILITATOR MANCARTI: And that's where
23 we're going next is to talk about goals. So let
24 me do a last call for benefits on this listing?
25 Kae.

1 MS. LEWIS: I just wanted to respond a
2 little bit to what Mike Messenger said. One
3 possible equity benefit could be in economic
4 development. Supporting economic activity in
5 under-served, under-developed areas.

6 I was actually going to deal with that
7 in the goal, but I think that could help clarify
8 that particular benefit.

9 FACILITATOR MANCARTI: Okay, great,
10 thank you. Any final ideas on benefits?

11 All right, ready to move to goals?
12 Bruce. Bruce is pondering whether he should put
13 something on the list, additional items.

14 MR. CENICEROS: I was just looking to
15 see where two things are represented. Overall
16 environmental quality. There was something in
17 there about global warming. Is that missing from
18 the list?

19 FACILITATOR MANCARTI: It's the third
20 item down.

21 MR. CENICEROS: Environmental quality.

22 FACILITATOR MANCARTI: Insurance policy
23 against global --

24 MR. CENICEROS: Right, right.

25 FACILITATOR MANCARTI: -- changes.

1 MR. CENICEROS: Okay, I would add
2 environmental quality and I'd also add enhanced
3 quality of life for California citizens, which
4 goes beyond just environmental quality. There are
5 quality of life issues there in terms of
6 comfortable environments in buildings and as well
7 as those that flow from things like improved
8 economy and creation of jobs and the other
9 benefits that flow from energy efficiency. So
10 I'll just say it generally like that.

11 FACILITATOR MANCARTI: Okay, great.
12 Looks like -- oh, Mike.

13 MR. RUFO: Okay, just to finish it up
14 and be maybe more explicit. Successful
15 internalization of environmental externalities and
16 other hidden costs.

17 FACILITATOR MANCARTI: Okay, we're going
18 to take a moment for that.

19 All right. What we're going to do now
20 is to post the benefits on that wall, and move to
21 a discussion on goals, to bring it down to the
22 next level.

23 So as we move some of the sheets around,
24 on page 2 in your handout is sort of the next box
25 beneath the over-arching goal is what we're going

1 to focus on now. And that has to do with more
2 specific goal identification.

3 So to capture these benefits that you've
4 listed up here, and there probably are some
5 additional ones on the list, the PGC program needs
6 to have goals that will guide the implementation
7 of the program. And that is to give direction for
8 the program design, et cetera.

9 So that's the level at which we're going
10 to talk now. We've got a couple of examples of
11 what might be the type of information that you
12 would like to generate in this conversation, in
13 this discussion.

14 Here's two different examples for you.
15 The first is to reduce environmental impacts of
16 siting new power plants by reducing California's
17 20/20 peak electrical demand by X megawatts.

18 So that may be the level of specificity
19 that you would like to share today. Great.

20 Another way of looking at the level of
21 specificity around goal identification would be a
22 customer friendly environment in which customers
23 can readily obtain and process trustworthy
24 information or professional services that allow
25 them to compare the prices and energy efficiency

1 qualities of different services and products.

2 That's another way of looking at the
3 goals that we would hope that you would share with
4 us today.

5 Okay. So what I'd like to do is begin
6 the conversation by asking you what do you think
7 are the goals that this program should be. And as
8 you share what you think those goals should be, if
9 you could link them back to a benefit.

10 You could say, this is a goal and it's
11 going to have this kind of benefit. That would
12 help the thinking process in developing the
13 program. Because we're trying to link the
14 benefits and the goals.

15 So who would like to start out? Rich.

16 MR. FERGUSON: I guess I'm not sure I
17 understand this process. I mean as I understand,
18 the goal of this program is to minimize electrical
19 loads. That's the goal. And at least cost, or
20 with the funds available.

21 And everything else is a question about
22 how do you do that. Or what the benefits are of
23 doing that.

24 But I guess I don't understand that
25 there's any other goal here.

1 FACILITATOR MANCARTI: Okay. Kae.

2 MS. LEWIS: What we're trying to do is
3 to get more specificity to that in terms of
4 capturing specific benefits.

5 So while that's very -- and this is kind
6 of what we talked about earlier in having an over-
7 arching goal of energy efficiency. But, we'd like
8 to get some more specific goals that actually
9 capture some of these benefits.

10 Because we can have very different goals
11 capturing different benefits that we've listed
12 here around the room. And the examples give an
13 idea of how different those specific goals can be.

14 FACILITATOR MANCARTI: Okay. We've got
15 a couple of hands up. Ellen, and then Mike and
16 Will.

17 MS. AASLETTEN: This is Ellen Aasletten
18 again. It seems to me one of the things we need
19 to do is develop programs that are easily
20 understood by the public and can be, you know,
21 energy savings or whatever we do has to be done in
22 tiny increments, because we can't do it in big
23 lumps.

24 You know, we can turn out the lights,
25 but we can't get rid of the lights.

1 FACILITATOR MANCARTI: Okay, thanks,
2 Ellen. Mike, and then Rich.

3 MR. PARTI: Yes, I'm Michael Parti. I
4 think one of the reasons it's important to say
5 more than just that we need to reduce energy
6 consumption, is that at some point somebody's
7 going to have to start worrying about the budgets
8 that are going to be spent on these programs.

9 And if you want to establish some kind
10 of connection between a reasonable size of a
11 budget and the ultimate effect, I think you have
12 to say something more than a general statement
13 about how we will reduce energy consumption by a
14 little bit.

15 I think it helps if we can have an idea
16 of what exact goals we're purchasing when we spend
17 the money on these programs.

18 PRESIDING MEMBER LAURIE: And I think
19 that's a critical element of this portion of the
20 report that's going to be prepared. That is some
21 day, whether it's a continuation of the current
22 program or some different program, decisions will
23 have to be made about expenditures of x number of
24 dollars.

25 And that expenditure better we based

1 upon some criteria. So what we're asking is
2 what's the criteria. What are we seeking to
3 accomplish by expenditure of these dollars.

4 And so if you were the decision-maker,
5 what are you looking for for that criteria?

6 FACILITATOR MANCARTI: Okay. We've got
7 Will and then Rich and then Peter.

8 MR. NELSON: If I could give all my sub-
9 goals at once, I have two related and then one
10 other one.

11 Conserve what is valuable in the
12 existing Public Utility Commission oversight
13 programs. There's been a very large investment
14 reaching out into the billions of dollars into
15 these programs. There needs to be a very careful
16 retention of what is valuable in those programs.

17 A related goal to this is well thought
18 out coordination between the two Commissions, the
19 Utility Commission and Energy Commission
20 functions. This is not an either/or endeavor; it
21 is a both/and endeavor. That's on an
22 institutional level.

23 I would probably put that up as my
24 number one sub-goal.

25 Lastly, in another area, there might be

1 some contention or misunderstanding about this,
2 but the electrical system is based on a diversity
3 of energy sources, renewable as well as other
4 approaches. Energy efficiency, in many ways, does
5 feed into that.

6 A goal of the energy efficiency program,
7 and more than peripheral, should be to support
8 diversity of energy sources. That's not meant in
9 the sense of just strictly renewable sources, but
10 support diversity of energy sources. The more
11 diversity we have, the more reliability we have,
12 the more resiliency we have in our systems.

13 FACILITATOR MANCARTI: Okay, thank you,
14 Will. Rich Ferguson.

15 MR. FERGUSON: I guess the problem I
16 have with it is that you're starting to talk about
17 various assumptions, about the best way to
18 minimize loads. I mean, and perhaps public
19 education is the way to do that. I don't know if
20 that's a cost effective way or not.

21 But when you get down to that level of
22 detail you're assuming that that's the best way to
23 do it, and it may be, but it's certainly not a
24 goal in itself. The goal is to minimize loads.
25 And the question is how's the best way to go about

1 that.

2 And, you know, so maybe we shouldn't
3 call this goals. Maybe we should, you know, start
4 talking about -- I mean maybe we should call this
5 strategies to reach the goal or something. It
6 would make more sense to me.

7 FACILITATOR MANCARTI: Okay.

8 MR. FERGUSON: But, you know, from here
9 on out what we're talking about is ways to reach
10 the goal. Not the goal, itself, as near as I can
11 see.

12 FACILITATOR MANCARTI: Mike, Peter,
13 Helen and Sy. I think Mike, you're next. Too
14 many Mikes today.

15 MR. MESSENGER: I think we might want to
16 spend a little bit of time trying to be a little
17 bit clearer about goal number one in terms of
18 whether or not it has that time dimension to it.
19 Because it's not yet clear to me whether we're
20 talking about minimizing electrical use at anytime
21 of the year; or minimizing electrical use at times
22 of the year when electricity is most expensive.

23 So do you want to say peak versus annual
24 or I'm not really sure what the right words are,
25 but I think we need to clarify that at some point

1 in this discussion.

2 The second thing is I want to agree with
3 Rich that we're talking about different strategies
4 now. Once we get below goal number one, we're
5 talking about different strategies of getting
6 there.

7 And I think it's important to list them
8 nevertheless because we have to lay out what our
9 assumptions are. So I'm going to put one of the
10 more controversial assumptions up so -- talking
11 about this -- the PUC assumption is that we should
12 strive to maximize the amount of energy efficiency
13 services provided by private market actors, and
14 implicit in that is get anybody from the public
15 sector out of that process to the maximum extent
16 possible.

17 FACILITATOR MANCARTI: Okay, so we'll
18 just put assumption up here, instead of -- thank
19 you, Mike.

20 We've got Peter, Ellen, Sy and then
21 Mike. How's that? And then Chris.

22 MR. MILLER: Okay, here's my list of
23 ways to measure, quantify and report goals.
24 Specific objectives.

25 Megawatts saved, megawatt hours saved,

1 therms saved, pounds of criteria pollutants
2 avoided including CO2, leveraged private dollars,
3 and other what's called indirect or additional
4 benefits. Productivity improvements, improved
5 test scores for kids, industry in-state
6 development, economic development, jobs created,
7 all those kind of indirect benefits are important
8 ancillary goals and benefits.

9 FACILITATOR MANCARTI: Okay.

10 MR. MILLER: That's my list.

11 FACILITATOR MANCARTI: All right.

12 Great. Ellen.

13 MS. AASLETTEN: I would hope that any
14 program developed would include incentives to have
15 energy savings and efficiencies put into
16 facilities up front, because often you have a
17 budget, there are things that you should do and
18 would do, but you can get another classroom in a
19 school if you don't do that.

20 And so we need some kind of incentives
21 for long-term goals. And it has to be up front,
22 especially in developer buildings and in schools
23 where the budget is so terribly terribly limited.

24 FACILITATOR MANCARTI: Thank you, Ellen.

25 Sy, and then Mike.

1 MR. RUFO: He just said that because I'm
2 a guest. I actually wanted to move my benefit
3 statement to the goal because I erred when I
4 stated it as a benefit, the internalization of
5 externalities, hidden costs. And I wanted to move
6 it over to a goal. And do so because I think that
7 ultimately that's going to be a test that we're
8 going to have to pass.

9 Because as we all recall there were some
10 pretty heavy assaults on energy efficiency
11 programs in the late '80s. There always have
12 been, from folks who have a particular free market
13 ideology. And I think it's incumbent upon folks
14 in this field to be able to show that there are
15 externalities and there are hidden costs and the
16 free market is not functioning, and that
17 ultimately is the justification for public
18 intervention, just as it is for having our food
19 labeled.

20 So I think that's an important high-
21 level goal that we do that successfully. That's
22 just about parallel with minimization of the
23 electrical use, because whether one agrees with it
24 or not, a free market ideology drives a lot of
25 politics and policymaking in this country. And

1 unless you can show that it is not effective, then
2 you have a problem.

3 FACILITATOR MANCARTI: Thank you. Sy.

4 MR. GOLDSTONE: I pass.

5 FACILITATOR MANCARTI: You pass, okay.

6 Chris.

7 MR. CHOUTEAU: Yes, just to get back to
8 Commissioner Pernell's question, I think it was a
9 fair question, which is sort of a how much -- it
10 wasn't really phrased this way, but how much is
11 enough, or what the right goal should be.

12 And I agree with Rich and Mike Messenger
13 that this really is beginning to be a list of
14 strategies, and actually we could go on. It would
15 become a program planning session.

16 I look around the room and realize that
17 neither I nor anyone else I can see, other than
18 the person sitting next to me, is a program
19 manager. And so, you know, there's probably a
20 point at which, you know, our listing of things
21 would probably be less effective than some other
22 folks who aren't here.

23 But, from the overall standpoint, Rich
24 is absolutely right. You know, I think we really
25 want to -- the goal is very simple, and we want to

1 keep it simple. And I really like what Peter said
2 in number 7, that there are some very specific
3 things that can be measured and should be
4 measured.

5 But how much is enough is really -- has
6 always been a difficult question. And the answer
7 has really been that what we perceive out there is
8 that there are opportunities. And we are driven
9 to do as much as we can to incent markets, to
10 provide information to markets, to make equipment
11 and services available to markets, to make design
12 techniques and to improve on the standards that
13 run, that regulate the building industry and
14 remodeling industry.

15 All of these are strategies that we use
16 in recognition that there is a huge opportunity
17 out there, without ever really defining, you know,
18 how many dollars it takes to capture, you know,
19 the total opportunity. And, in fact, you cannot
20 capture the total opportunity.

21 So what we're left with is the less-
22 than-satisfactory answer which is there is a level
23 of effort that has been going on in this state,
24 that people have been somewhat satisfied with.
25 It's been a political and administrative goal. It

1 is not tied directly to, you know, the specific
2 plan for achieving the total opportunity.

3 FACILITATOR MANCARTI: Okay, Chris,
4 thanks.

5 MS. JENKINS: Nancy Jenkins, I manage
6 the Commission's buildings research program. I'd
7 like to suggest that one of the goals should be to
8 maximize the market penetration of the public
9 interest research results.

10 FACILITATOR MANCARTI: Great, thank you,
11 Nancy. David, and then we'll go back. And then
12 Sy and Will and John.

13 MS. LEWIS: Can I interrupt?

14 FACILITATOR MANCARTI: Kae.

15 MS. LEWIS: It would be helpful if when
16 stating a goal if you could link it back to a
17 benefit that this group has already identified. I
18 think that does try to keep the level at which
19 we're dealing more on a goal level, and slip less
20 into the strategy level.

21 Although, of course, there's a linkage
22 between the two. And that's one reason why we
23 wanted to have this exercise, is we'd like to see
24 our goals become more operational. So that's why
25 we wanted to get them down to a more specific

1 level.

2 So we are going to cross a little into
3 the, you know, the threshold between the goal and
4 the strategy. But if you can link it back to a
5 benefit, think in terms of if we fulfill this goal
6 what benefit would we have been capturing, or what
7 benefits. I think that will help the discussion.

8 FACILITATOR MANCARTI: Thanks. Who has
9 the mike? Okay, you've got the control, go.

10 MR. ABELSON: I guess one of the issues
11 that's running around in my brain is that all the
12 discussion so far seems to be focused towards the
13 goal of -- the over-arching goal of energy
14 efficiency, per se, with its correlative benefits
15 of improved air quality, et cetera.

16 But I believe that there are many
17 people, particularly at the Public Utility
18 Commission, and perhaps the Legislature, as well,
19 who have viewed efficiency of markets, energy
20 markets, as being a major goal of this state. And
21 that acknowledges the lack of the problem of
22 externalities, for example. It acknowledges
23 market barriers that are problems for energy
24 efficiency penetrating a market.

25 But it sets up the premise that what we

1 ought to be using the public goods charge for is
2 not exclusively resource acquisition, if I can use
3 a buzz word. But as a tool for identifying
4 imperfections in the market, in the energy market,
5 which are making it operate inefficiently,
6 imperfectly.

7 So that a specific goal of this program
8 might be just that. It wouldn't be the only goal,
9 by any means, but it would be a goal, identifying
10 what it is within the market that is operating
11 inefficiently or poorly or imperfectly. I'm not
12 an economist, I'm not trying to use the words
13 technically.

14 And then seeing how public moneys can be
15 used, if at all, to correct or adjust or
16 transform, I know that's a word that is used,
17 those imperfections, so that public moneys are
18 less needed in the long run to achieve the goal of
19 energy efficiency.

20 That's a long way of saying that market
21 transformation may be, at some level, a specific
22 goal of this program. Market transformation to
23 achieve efficient markets in energy.

24 FACILITATOR MANCARTI: Okay, thank you.
25 An example, David?

1 MR. ABELSON: I cannot, because my
2 knowledge of the subject is very limited, to be
3 frank. I suspect that there are many people in
4 this room, both on the staff and in the audience,
5 who will have some thoughts about that.

6 FACILITATOR MANCARTI: So, keep that in
7 mind. We'll bring it up later. Yes.

8 MS. GRIFFIN: I'm Karen Griffin. This
9 is a follow-on to Mike Messenger's proposal for
10 specificity of what is needed. And it relates to
11 the goals of system adequacy and system
12 reliability.

13 I thought of two of them. One would be
14 800 to 1000 megawatts of summer peak savings in
15 the period of 2000 to 2004. That's part of what's
16 critically needed in the area of 3000 to 4000
17 megawatts during that period.

18 And a second one would be -- this is
19 again for a portion of the money -- to allow DSM
20 participants to actually participate in the ISO
21 grid planning function, where they have a process
22 for people to big against transmission projects
23 which would otherwise be built.

24 FACILITATOR MANCARTI: Thank you, Karen.
25 Sy. And then John. And then Will.

1 MR. GOLDSTONE: Well, I just wanted to
2 pick up on one point that Chris made awhile back
3 when you mentioned measurability. I was thinking
4 that we shouldn't allow measurability to be part
5 of our goal because we want to do something with
6 the public interest program that wouldn't
7 otherwise be done, and one thing that the public
8 interest should have is a long view.

9 Unfortunately, when we focus too much on
10 measurability that drives us to a short view,
11 because it's only the near-term stuff that is
12 usually measurable. You can't measure sustainable
13 methods because you're not going to live long
14 enough. So you have to do some other way of
15 holding people accountable.

16 I'm in favor of accountability but not
17 measurability as a goal.

18 FACILITATOR MANCARTI: John, and then
19 Will.

20 MR. SUGAR: A possible goal would be
21 improving productivity of energy use. And this
22 doesn't necessarily mean that less energy would be
23 used, because sometimes in making one factor more
24 productive it actually encourages the use of that
25 factor of production, even though it improves

1 overall productivity.

2 FACILITATOR MANCARTI: Will, and then
3 Grant.

4 MR. NELSON: I think -- well, maybe no
5 one's confused, but I think there's different
6 orientations, there's different takes on the logic
7 on this strategy and goals. Depending on what
8 your orientation is, what is a goal for one person
9 becomes a strategy for another person.

10 So I want to acknowledge what Chris and
11 Rich are saying, but let me put the framework that
12 I'm operating in. If you added or substituted the
13 term legislative, PGC legislative goals, or these
14 PGC program legislative goals. That's the sense,
15 to no small extent, which I am, and I think
16 everyone, but I am on a more specific level
17 putting forth goals.

18 So I'm trying to give this context and
19 orientation. We're talking to the -- we want the
20 Commissioners -- the Commissioners must talk to
21 the Legislature, we want to talk to the
22 Legislature by means of this workshop, through the
23 report.

24 Otherwise, to simply say a goal is, you
25 know, for health care one could say good health is

1 our goal. Well, that's valid and that's the valid
2 over-arching goal, but that doesn't talk to a
3 Legislature on how to draw health financing
4 legislation, for instance. Just trying to give an
5 illustration.

6 So, I'd like to just add one other
7 subgoal, and that's to facilitate qualified
8 financing.

9 FACILITATOR MANCARTI: Okay.

10 MR. NELSON: Those three words,
11 facilitate qualified financing. Anything that a
12 program can do to provide clearance or validation
13 or criteria, that a loan officer can just check a
14 box and say, okay, it's qualified under our
15 criteria. That's one advantage.

16 The other advantage is potential tax
17 benefitted financing.

18 FACILITATOR MANCARTI: Thank you, Will.
19 Okay, we've got Grant and then Jody.

20 MR. DUHON: I'm Grant Duhon with PG&E.
21 I think that something I was writing down earlier
22 as a goal really is truly a strategy according to
23 Mike Messenger's definition. But it does
24 specifically address the facilitation to a
25 sustainable economy.

1 And it also kind of addresses Will's
2 take on things in terms of perverse outcomes. And
3 that has to do with changing the structural
4 contractual relationships between the market
5 actors, so that they more accurately reflect life
6 cycle costing and societal costs of energy
7 efficient versus energy inefficient practice.

8 And that's something we really haven't
9 addressed here that I've heard directly. And,
10 again, that is more of a strategm than it is a
11 goal. But nonetheless, it's something that needs
12 to be looked at because it contains elements of
13 being able to address many of the issues that have
14 been brought forth today.

15 FACILITATOR MANCARTI: Great, thank you.
16 Jody.

17 MS. LONDON: We're on the same wave
18 length, Grant and I, because I was going to say
19 that one of the goals that I see missing here is
20 making the whole process easier to participate in.
21 Sort of streamlining the administrative
22 procedures, and generally reaching more customers
23 through the programs.

24 FACILITATOR MANCARTI: Great, okay.
25 Peter.

1 MR. MILLER: Trying to hark back to one
2 of the benefits. I think that a goal should be
3 equity, in the sense that we should try and make
4 programs available, opportunities to participate
5 to as wide a range of customers as possible, and
6 insure that roughly speaking customer groups get
7 back what they're contributing to the funds.

8 FACILITATOR MANCARTI: Um-hum, great, so
9 that links back to the benefits.

10 MR. MILLER: Yeah, to the benefit of
11 creating equity.

12 FACILITATOR MANCARTI: Great, thank you.

13 MR. MILLER: So -- don't focus all the
14 programs on one small group of customers. Try and
15 bring in as many customers as possible into the
16 program.

17 FACILITATOR MANCARTI: Great. Thank
18 you. Rich, and then Sy. Remember, feel free to
19 question and explore some of the ideas that have
20 come up, because we're not just about generating a
21 list of goals, we're about understanding each
22 other and what your current thinking is in this
23 area.

24 So, if you mention strategies like Grant
25 and Jody, that's fine.

1 MR. FERGUSON: I guess it's not up there
2 yet, but it was -- I thought I'd said it
3 initially, you not only want to maximize your load
4 reductions, but you want to do it at the least
5 cost.

6 FACILITATOR MANCARTI: Okay, so maximize
7 load reduction at least cost.

8 MR. FERGUSON: Right, in other words, we
9 only have a certain pot of money, and you want to
10 get the maximum bang for those bucks that you
11 possibly can.

12 FACILITATOR MANCARTI: Right. Thank
13 you, Rich. Sy.

14 MR. GOLDSTONE: Picking up on the point
15 that you made a few minutes ago, which I agree
16 with, is that it is somewhat similar to the
17 general point made in the PUC document of March
18 '98, where they called for achieving well
19 functioning, self-sustaining markets of which, you
20 know, that would be an example of the kind of
21 thing you would do.

22 And in their document they actually a
23 whole list of things. I'm not going to read it
24 because it's so long, which I think would fall
25 into that category of a well functioning market.

1 So I'd just like to put that up there with
2 reference to the PUC document. Roman II-V.

3 FACILITATOR MANCARTI: Okay, well
4 functioning market. I'm sorry, I can't see your
5 name tag.

6 MR. McNULTY: Mark.

7 FACILITATOR MANCARTI: Mark. Would you
8 identify yourself and your organization?

9 MR. McNULTY: I've got two microphones
10 it looks like.

11 FACILITATOR MANCARTI: Thanks.

12 MR. McNULTY: Yeah, I'm Mark McNulty
13 representing San Diego Gas and Electric. And when
14 we started out at the beginning we talked about
15 the over-arching goal.

16 I think one of the reasons it was
17 important that we did not include the word -- or
18 that we do not include the word sustaining is
19 because it appears to me that this creates a
20 loophole. And so when this gets put into
21 legislation, somehow it creates this loophole.

22 And we believe that there are certain
23 markets that may never be transformed. One of the
24 things we believe is that it's pretty unlikely
25 that residential customers are going to call and

1 pay for audits. Maybe some, but to get relatively
2 high saturations of this, however, residential
3 customers pay into the public goods charge, and
4 they should receive benefits.

5 So I'm kind of piggy-backing on
6 something that Peter said is, is that very very
7 small commercial customers and residential
8 customers may just need to get service. And
9 they're paying into that and they should receive
10 services.

11 And so we want to make sure that the
12 wording of this doesn't preclude that by saying
13 these things have to be transforming markets or
14 sustainability, or what-have-you. And that's
15 basically -- I think it's important to make sure
16 that market transformation doesn't squelch a lot
17 of what's happened and what customers have
18 received as far as knowledge and benefits and
19 things like that. Thank you.

20 FACILITATOR MANCARTI: Okay. Sy.

21 MR. GOLDSTONE: Just picking up on the
22 last point, there are a number of things, you talk
23 about the small residential customer, for example.
24 Like we know from studies that were done in the
25 '80s that there are many things we could do to

1 improve the functioning of markets for small
2 residential customers that are difficult to
3 measure, but they could have sustainable benefits.
4 And we haven't done that.

5 You know, an obvious example that we all
6 know about, Willet Campton comes here about once
7 every three years and tells us how terrible
8 utility bills are for purposes of helping
9 customers understand their energy use.

10 Not a single utility in all these years,
11 as far as I know, has ever done anything about
12 that. Well, I think it's because we're too
13 focused on the short-term and measurable results.
14 There are probably other reasons, too.

15 So that's the other risk, by not having
16 self sustaining in the legislation, we will
17 continue to forego those things that really do
18 have sustainable benefits because, you know, they
19 aren't measurable, or they don't deliver enough
20 megawatts in the short term that we can get out
21 teeth into.

22 MR. McNULTY: And let me just make a
23 little clarification. I didn't say -- when I
24 looked at sustainability I didn't necessarily mean
25 that the benefits weren't sustaining. Customers

1 may retain the information from an audit for a
2 number of years.

3 What I meant was that you're not going
4 to -- it's very unlikely you're going to create a
5 market where these private companies providing
6 audits to customers for fee. And so a sustainable
7 market in that respect where you're going to
8 create an industry, I think that's what I meant.

9 Whether there's sustainable benefits
10 that people have cognitive ability to remember
11 things that you told them, I think, that's great.
12 And I think we believe that people will remember
13 and that there will be sustainable benefits.

14 But, we don't believe there's a
15 sustainable industry that's going to come about in
16 the residential audits in dealing with small
17 commercial customers, as well. Small commercial
18 customers are even tougher to reach than
19 residential customers for a number of different
20 reasons.

21 One of them that we hear from the
22 National Association of Energy Service Companies
23 is that their credit worthiness is pretty bad.
24 You may provide a service and their check bounces.
25 And so a lot of people don't want to work with the

1 smallest customers.

2 And relatively speaking, the owners of
3 those businesses wear many many hats. And
4 worrying about \$100 a month electric bill is
5 minuscule on their radar screen. And so would
6 they ever go out and do this on their own, would
7 businesses ever provide these services? We don't
8 really think so. And we want to make sure that
9 the policies that come out of this report don't
10 squelch that activity in the future. That's what
11 I meant, Sy.

12 FACILITATOR MANCARTI: Thank you. Mike.

13 MR. RUFO: Yeah, Mike Rufo. I'm glad
14 this point was raised. In my opinion there's a
15 real false dichotomy going on between, I think,
16 the issues that Mark's raising between market
17 transformation and resource acquisition. Maybe
18 I'll follow up on that later.

19 But, getting to Mark's specific point, I
20 think it may be true ultimately that there are
21 some markets where we are not able to create
22 market transformation. Do I think we know that
23 yet? We're not even close. I mean we don't have
24 a clue. We have never fielded over the last 20
25 years a suite of programs that were really market

1 transformation oriented. The current crop of
2 programs are not.

3 So before we put up the white flag,
4 which we may ultimately have to do in some
5 markets, let us go down with guns blazing, knowing
6 that we really gave it the best try, and marshaled
7 all of our intellectual and other resources to try
8 to effect these markets.

9 I'll leave it at that for now. There
10 are more specifics I may get into later.

11 FACILITATOR MANCARTI: What I'd like to
12 do now is to do an open mike, which is to allow
13 the folks that haven't had a chance to talk yet,
14 to talk. Because you're thinking about this, I
15 can see that you're thinking about what's going
16 on. And I'd like to give you a full opportunity
17 to share your thoughts about what you've heard
18 your colleagues in the room say.

19 So, just be ready to provide a mike to
20 someone who would like to just share their current
21 thinking that's going to help us all if we get as
22 many ideas out and as many perspectives as
23 possible.

24 So this is sort of an open mike, and
25 we'll do about ten minutes of it. Ellen, start.

1 MS. AASLETTEN: I've spoken before, but
2 I had one other thing to say. Since I'm with the
3 Department of Education I think that one of the
4 things we need to have as a goal is that we do
5 have some sort of an educational program that
6 would teach people to live within the environment
7 as it exists.

8 You know, it's only been 25 years or so
9 that air conditioning in cars and in houses was a
10 standard attribute. Before that we knew how to
11 ventilate our houses, to cool them off at night.
12 And we knew how to limit our driving so that we
13 didn't drive during the heat of the day.

14 Maybe we need some attitudinal changes
15 and that only comes through education.

16 FACILITATOR MANCARTI: Thank you.

17 MR. MATTHEWS: Two thoughts. One in
18 response to Mark's point and the reactions to it.
19 I think there ought to be a goal that says
20 something like serve the underserved, because
21 there are some markets that are going to be very
22 difficult to transform to get the private market
23 to serve without a public subsidy of some kind.

24 And then the other one is that those of
25 us who have been in the business for a long time

1 have seen the consequences of stopping and
2 starting programs and major changes. So I would
3 adopt as a goal minimize disruption, or do-no-harm
4 kind of a goal of what's already ongoing.

5 FACILITATOR MANCARTI: Okay, here's the
6 opportunity, once again, for the folks that
7 haven't had a chance to talk, to do some
8 reflection.

9 Pardon me?

10 AUDIENCE PARTICIPANT: A moment of
11 silence.

12 FACILITATOR MANCARTI: A moment of
13 silence. Sometimes you need that to collect your
14 thoughts. All right, Will and then Mike, and then
15 we'll go on to another question that we'd like you
16 to look at.

17 MR. NELSON: I would like to just
18 reflect on Mark's point. On point I agree that
19 sustainability should not be a confining criteria.
20 That we're going to omit efforts in all other
21 areas. So I would also echo what Scott Matthews
22 said.

23 Off point, though, but related to what
24 Mark said, because this is an area that our
25 organization focuses on, I don't believe that

1 we've even begun to explore the potential of what
2 bill presentation, bill formats, bill graphical
3 derivatives, the presentation to the residential
4 customer and the small commercial customer, what
5 it can do.

6 The bill is highly regulated territory
7 which the utilities protect almost like no other
8 area, except perhaps for the meters, themselves.
9 And what the distribution of the meters are. And
10 who owns that meter.

11 So, I would pose that this is an area
12 for very fertile customer choice, market
13 development, and many market-driven opportunities.
14 So, in that respect I'm in fundamental
15 disagreement with what he said in the residential
16 sector.

17 FACILITATOR MANCARTI: Mike and then
18 David.

19 MR. RUFO: Yeah, I wanted to add as a
20 high level goal to help California citizens and
21 businesses improve linkages between their
22 environmental and in parentheses energy efficiency
23 related attitudes and their energy related
24 behaviors and practices.

25 Because one thing that we find in lots

1 and lots of research that we do is, you know, the
2 environmental attitudes are great. It's the
3 taking the individual action and connecting the
4 everyday actions that individuals take to the
5 social consequences of those actions.

6 And I don't think -- I think programs
7 are afraid to address that issue, the whole issue
8 of helping people to do that, or raising more
9 suasion in trying to link these big picture;
10 issues ever since Jimmy Carter, there's a real
11 aversion to trying to do something.

12 Almost like you look at the anti-smoking
13 campaign that California's been running. What
14 would be the effect of some of those types of
15 programs if we ran -- there's a real fear in
16 trying those, because they're very public. And
17 you put out a public program like that, that does
18 use mass media. If you fail, there's a reason to
19 fear the consequences.

20 But, again, that doesn't mean that we
21 shouldn't look at those things at some point as a
22 means to try to address some of these gaps between
23 attitudes and behaviors.

24 FACILITATOR MANCARTI: Thank you.
25 David.

1 MR. ABELSON: Yeah, I just wanted to
2 correct actually a point that's attributed to
3 something I said under number 13. I was
4 definitely interested in identifying where the
5 markets are or are not operating well. I think
6 that should be a critical objective or goal of
7 this program. And to try to figure out whether
8 public dollars can be used to correct those
9 problems.

10 But, the last clause is a
11 misunderstanding of what I said. I don't
12 presuppose that public dollars as a result go down
13 at the end of this at all. They may go up. It
14 may turn out that for the various reasons the
15 parties are saying, that markets are simply
16 sufficiently flawed that the public benefit cannot
17 be captured without active public intervention on
18 a continuing basis.

19 On the other hand, it may turn out
20 markets can be corrected and the level of public
21 dollars may be able to go down.

22 So I just didn't want to be listed as
23 saying that the public dollars must go down at the
24 end of the program.

25 FACILITATOR MANCARTI: Okay, great,

1 thanks. Ellen, and then we'll move on to our
2 final question before lunch.

3 MS. AASLETTEN: This is just sort of a
4 general observation. I would hope that anything
5 that this group does doesn't do it in isolation.
6 Energy use is very much closely related to other
7 societal needs. And we need to improve security
8 so people leave their windows open and things like
9 that. We need to start thinking in terms of how
10 this interrelates with the rest of the world.

11 FACILITATOR MANCARTI: Okay, all right.
12 Let's move on to our final -- oh, I'm sorry,
13 Patricia. I didn't see your hand.

14 MS. CASSERES: My name is Patricia
15 Casseres, and I work in power quality with Science
16 Applications International.

17 I just wanted some piggy-back on
18 something that Ellen said about education. I
19 think I'd like to tie that to the benefit that we
20 talked about in terms of intergenerational
21 benefits.

22 At the time that we talked about that we
23 were just talking about leaving energy so that --
24 or leaving resources so that future generations
25 will have them. And I'd like to pose the idea

1 that part of what we leave the generation is a
2 philosophy so that when we talk about item number
3 26 in the goals, that that education program is
4 taken to the schools so that we are making it part
5 of the course work that we're teaching the kids in
6 terms of, you know, the benefits and what our
7 natural resources are, and how to conserve them,
8 so that it is institutionalized in that way.

9 FACILITATOR MANCARTI: Thank you,
10 Patricia.

11 The final question before our lunch
12 break that we want some of your thinking on is
13 your understanding or your perception of which of
14 the goals, of the potential goals here, are in
15 conflict with one another. Do you want to start,
16 David?

17 MR. ABELSON: Yeah. The one that I
18 immediately saw as being in conflict was this idea
19 of equitably disbursing the resources to rate
20 classes and maximizing the benefit of the program.

21 Self-evidently that may or may not be
22 possible. Your big savings may be in the
23 industrial sector. And yet if you take a third of
24 the money and give it to residential, then you
25 haven't -- you've achieved equity between rate

1 classes, but you haven't necessarily maximized
2 your benefits.

3 FACILITATOR MANCARTI: Which of the two
4 numbers?

5 MR. ABELSON: I'm sorry, I didn't look
6 at the numbers.

7 FACILITATOR MANCARTI: You're starting
8 to mumble a little bit, so could you just
9 reiterate that very quickly for --

10 MR. ABELSON: I think trying to
11 distribute the program equitably between rate
12 classes, people are paying in, may not produce the
13 maximum bang for the buck in terms of energy
14 efficiency.

15 FACILITATOR MANCARTI: Okay. Peter, do
16 you have some ideas on which ones might be
17 conflicting?

18 MR. MILLER: I guess I'd try and answer
19 the question in a different way, which is this is
20 a big public program, and like every other big
21 public program there are multiple goals.

22 And you can't focus on one to the
23 exclusion of others. You've got to satisfy
24 multiple objectives. And that naturally means a
25 compromise for any of them.

1 So they're not necessarily in conflict,
2 it's just it's a multiple objective equation.
3 You've got to satisfy a variety of political,
4 technical and other goals.

5 FACILITATOR MANCARTI: Okay. Mike, and
6 then Sy.

7 MR. PARTI: I'm Michael Parti. I think
8 that what we need to keep in mind when we have
9 multiple goals like this is that we don't really
10 know what the trade-offs are at this point,
11 because we don't really have a well specified
12 model that describes the relationship between any
13 of the programs and any of the goals. So in the
14 absence of that it's pretty hard to talk about
15 what the tradeoffs are.

16 But, there probably are going to be some
17 tradeoffs that we will observe. We'll see that
18 probably when we actually design these programs
19 some of them will work well for some things, and
20 some of them will work well for other things.

21 And at that point we'll probably have to
22 have a way of deciding which kinds of goals are
23 more important. So, what we do need to add to the
24 discussion at some point is how we're going to go
25 about resolving conflicts among the goals. Do we

1 put everything in dollar terms? Does some brave
2 volunteer come to the table and say well, the
3 dollar benefit of reducing this much pollution is
4 this much? Or do we have some other kind of
5 weighting scheme that we use instead?

6 We need to come up with some kind of
7 solution to that problem, or we won't be able to
8 resolve any conflicts among goals.

9 FACILITATOR MANCARTI: Thanks, Mike.
10 Sy, and then Chris, did you indicate that you
11 wanted to speak?

12 MR. GOLDSTONE: Actually, picking up a
13 little on that point, Mike, let's look at goal 22
14 for example, maximize load reduction at least
15 cost.

16 I think it's a good goal, but I might
17 argue that the way we would do this is by having a
18 sustainable effect, because just a little
19 reduction that is sustainable over a long period
20 of time will easily swamp a much bigger short-
21 term. But it's not nearly as measurable.

22 So there is no way of quantitatively, I
23 think, resolving that. So there is the question
24 of how -- and I think there's some real conflicts.
25 I think some people really don't believe the low

1 reduction occurs until you can really measure it.
2 Others might believe otherwise.

3 I don't know if there is a -- I don't
4 think there's an easy way to resolving that
5 conflict, but I think that's one of the challenges
6 we have.

7 FACILITATOR MANCARTI: Great, thanks.
8 We've got Chris and then we've got Rich and then
9 Mike again.

10 MR. CHOUTEAU: Thinking about these in
11 terms of strategies, it's not so important in
12 terms of what conflicts there are between them,
13 but as you said, how do you decide which strategy
14 to follow or give priority to.

15 And I think if you look at it that way
16 it's simply a planning issue of where are the
17 opportunities, and what are the strategies most
18 likely to capture the opportunities.

19 And there are some of these which may
20 have higher value than just the energy efficiency
21 they deliver. If you look at the concept of
22 equity, there may be a reason for this Commission
23 or the Public Utility Commission or the
24 Legislature to decide that equity is an important
25 goal. It certainly has been a goal in the past.

1 That has a value as a strategy in terms
2 of furthering energy efficiency. But it may have
3 a higher priority for other reasons.

4 So it might be important for the
5 Commission to take into account when you look at
6 these strategies, are there some of these
7 strategies which have a priority that go beyond
8 the original goal.

9 Because the original goal is very
10 simple, and that's the achievement of energy
11 efficiency, as was stated earlier.

12 FACILITATOR MANCARTI: Great, thank you,
13 Chris. Rich and then Mike.

14 MR. FERGUSON: This is sort of picking
15 up where I thought Chris was going to go. I think
16 what we've got are various strategies to reach the
17 goal, and there are very definitely conflicts, or
18 potential conflicts between those.

19 Because in a lot of senses we don't
20 know, for example, you know, these various other
21 subsidiary goals which may be required
22 politically, or be cool things to do. But may
23 very well be in conflict with least cost load
24 reductions.

25 But I think those are conflicts in the

1 strategies, not in the goals.

2 FACILITATOR MANCARTI: Okay. Mike and
3 then Sy.

4 MR. PARTI: This is Michael Parti. I
5 would like to comment on Sy's point having to do
6 with measurability. I think that as far as the
7 goals go we really do need to concentrate on
8 things that are measurable.

9 We need to know at least whether we
10 think they're going to go up or down as a result
11 of a particular policy. And some of them may have
12 a natural metric, others might not. But we need
13 to be able to say this is going to go up by so
14 much, as a result of this policy.

15 And furthermore, getting back to this
16 trade-off idea, I think the important thing is
17 that for each goal we need to be able to say I'm
18 willing to give up this much of this goal in order
19 to buy some of that other goal. So I'm willing to
20 give us this much pollution in order to buy, I
21 don't know, something else that would conflict
22 with pollution, let's say. Some lower cost thing
23 or something like that.

24 FACILITATOR MANCARTI: Thank you. Sy.

25 MR. GOLDSTONE: Yeah, I think I disagree

1 with Mike on that point, but I'm not prepared to
2 discuss it till I talk to Mike more.

3 But I was going to make a comment on
4 Chris' point about there are other reasons that
5 are outside energy efficiency that the legislators
6 may have, and I think that's absolutely right on.
7 And I think that this is probably one of the
8 reasons why there are people who prefer something
9 called the market transformation approach.
10 Because they see that as consistent with some of
11 the nonenergy related values that attach to the
12 operation of a free market. More intelligent
13 consumer choice, stuff like that.

14 So that, to me, is an important point.
15 I agree with Chris on it. And we should keep it
16 in mind.

17 FACILITATOR MANCARTI: Okay, any other
18 comments on conflicting goals?

19 MR. ALVAREZ: I guess it's not a
20 conflict, but I guess the issue I see is trying to
21 reach, you know, this issue of this -- I mean
22 there are things that you are going to do that are
23 market-related. I think you can put those things
24 in one category.

25 And then the other category you put

1 things that are just social welfare functions.
2 And you're doing them for a social purpose. And
3 quit trying to mix the two.

4 You know, if you could sort those things
5 out I think you're making progress. But it's hard
6 for me to kind of figure out how some of these
7 things, you know, get done simultaneously when
8 they're really social welfare activities, and some
9 are market-based activities.

10 FACILITATOR MANCARTI: Good, great.
11 Okay.

12 MR. ABELSON: Manuel, from your
13 perspective, and I don't know whether this is on
14 behalf of Edison or just your personal
15 perspective, either way is fine, would you believe
16 that the energy efficiency program, as it moves
17 forward after the year 2001, should, in fact,
18 attempt to do some of both things? What you
19 called social welfare functions and perhaps it's
20 fair to label them market-transformation
21 functions?

22 Or do you believe it should only do one?
23 Or should it be doing neither? Or what's your
24 opinion on that?

25 MR. ALVAREZ: I guess I think you should

1 do both, you just distinguish which one you're
2 doing, if possible. It gets clouded, I mean I can
3 see the interface when you have an issue of a
4 market barrier or a market failure that you can
5 argue that it's a social welfare function, you're
6 trying to solve it.

7 But assuming you can solve that barrier
8 problem, then the market should be able to operate
9 on its own.

10 So, to me it's a difficulty you're going
11 to have from a policy perspective, is kind of
12 sorting that demarcation out between a social
13 activity and a market-based activity. And maybe
14 the resource acquisition and the market
15 transformation as the euphemistic terms you use
16 for that.

17 FACILITATOR MANCARTI: Okay, Will.

18 MR. NELSON: I think there may be --
19 well, I'm quite certain there are conflicts with
20 the number 2 goal, develop programs easily
21 understood by the public.

22 Now, the intent behind that goal I
23 understand. And actually on another level that
24 goal is one of the over-arching goals of market
25 transformation, which is where customers and

1 individuals approach their choices and use of the
2 energy knowledgeably, on their own basis.

3 But to separate this out, do they need
4 to have extensive knowledge of the programs, or
5 even moderate knowledge of the programs for them
6 to be at that point. I would say no.

7 And this is an important point, because
8 it is often a concern about, you know, these
9 programs being what they are in the public domain,
10 there needs to be access to how they're developed
11 and how they're implemented. And that's the job
12 of public agencies.

13 But, I no more need to be an expert
14 mechanic on my car in order to be very proficient
15 in operating it in many ways than do I need to
16 have the kinds of understanding and depth of how a
17 program works.

18 So, --

19 FACILITATOR MANCARTI: Right, thank you,
20 Will.

21 MR. NELSON: Thank you.

22 PRESIDING MEMBER LAURIE: Ellen.

23 MS. AASLETTEN: Well, since that was, I
24 think, my point, what I meant was we need to have
25 forms that people go down and they say, I want to

1 do X, Y and Z. And you give them back an easily
2 understood program on how they can access whatever
3 it is you've got. If you've got moneys to give
4 them, or if you've got information to give them,
5 or if they've got rules to follow.

6 Right now most of the -- you know, I get
7 calls all the time from school districts asking
8 me, how do I get a grant to do something, to get
9 playgrounds done. Well, it's too hard to find out
10 how to do it, you know, for these people.

11 FACILITATOR MANCARTI: Thanks. Okay. I
12 think what we might do now is -- Will?

13 MR. NELSON: Just briefly. This is not
14 argumentative at all. We're on something that's
15 very very fundamental that's going on in social
16 programs and public programming on another level.

17 This concept of empowerment or choice
18 and at what level it occurs, and people in the
19 working group, some people in the working groups,
20 just for your information on these programs, had
21 violent disagreement with the use of the term
22 program, okay.

23 It was a philosophical concept that they
24 didn't want the services to be program driven and
25 program structured, but to be structured in such a

1 way that services present to the public -- and
2 here's to support your point -- in an easily
3 recognizable way, so they can make a decision on
4 their empowerment basis, rather than a
5 programmatic approach.

6 So on one level I'm in complete support.
7 But on another level, this is a chasm. There's a
8 big divide between how public agencies and public
9 programs are delivered, and often this idea that
10 they need to expose themselves and advertise
11 themselves to the public is often very self-
12 serving for them to continue to do what they're
13 doing.

14 The classic example, and I'm not going
15 to pick a side either way, is vouchers and school
16 choice.

17 FACILITATOR MANCARTI: Okay, thank you,
18 Will.

19 It seems as though we have reached the
20 end of our conversation this morning. I thank you
21 for your attention. We're going to end a little
22 bit early.

23 It's almost ten after 12 right now, so
24 why don't we ask you to return by 1:15, and we can
25 get a bit of a head start in the afternoon.

1 And I thank you for your participation
2 and look forward to the framework conversation
3 this afternoon.

4 (Whereupon at 12:10 p.m., the workshop
5 was adjourned, to reconvene at 1:15
6 p.m., this same day.)

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1 AFTERNOON SESSION

2 1:30 p.m.

3 FACILITATOR MANCARTI: Thank you. We
4 have one item to assist in the recording process
5 and that is to make sure that everyone has signed
6 in. So I'm going to start the sign-in sheet from
7 this side of the room. And if you can make sure
8 that you convey it to the next person and sign up.
9 Thanks.

10 Yes?

11 AUDIENCE SPEAKER: When we came in we
12 signed up last time, didn't need to do that? Was
13 that incorrect?

14 FACILITATOR MANCARTI: It's preferable
15 if you sign again. You mean last workshop? Yes.
16 If you sign again that would help our recorder.
17 Thank you.

18 All right, what we might start with is a
19 few comments from John Sugar about the process
20 that we are going through together. And, please.

21 MR. SUGAR: Okay. Just a process
22 comment. Normally when the Energy Commission is
23 involved in a policy report there will be a series
24 of workshops and/or hearings. And then often a
25 series of draft reports upon which individuals and

1 stakeholders have an opportunity to comment.

2 Because of the truncated process that we
3 are going through this time, there will be one
4 draft report. We anticipate making that public at
5 the beginning of November after furious writing.
6 There will be a week or two for stakeholders to
7 review it, get their comments together.

8 There will be a workshop in mid-
9 November, and then the beginning of December staff
10 delivers the report to the Committee.

11 Because this is going to be very late in
12 the process it makes it more difficult than usual
13 to incorporate comments in the final draft. And
14 there will be much more limited opportunity to
15 comment because there will be only one draft.

16 So please, if you have comments that you
17 could make today, but are holding in order to have
18 a draft on which you can -- with which you can
19 sort of couch your comments, we far prefer to hear
20 them today. We have much more opportunity to
21 incorporate material, determine how it's going to
22 affect the report if we hear today than if we do
23 later in the process. Because the changes that
24 we'll be able to make near the end are going to be
25 probably somewhat more limited than we've had the

1 opportunity in other reports.

2 Thank you.

3 FACILITATOR MANCARTI: Thank you, John.
4 Mike.

5 MR. McNULTY: I just have another
6 procedural question, John. Last time at the
7 workshop I'd asked how we could get this
8 information and I signed up for the e-groups that
9 you'd asked me to sign up for. But I didn't get
10 anything yet. But I know other people that
11 received stuff before I signed up.

12 I was under the impression that once you
13 signed up you got everything from the docket. And
14 apparently that isn't the case. It's sort of like
15 the CBC groups, that you get everything from the
16 time you sign up on.

17 And I understand those things that are
18 out there, I'd like to be able to get them and I
19 don't know where to find them.

20 The other thing I was going to point out
21 is that in the packet that you gave the last time
22 it said here's what you do to sign up. You go
23 there and it says, this page is the wrong page
24 now. If you do what it says, when you get there
25 it says something like this website has moved, or

1 this is gone, or I don't know exactly what it
2 says, but I remember -- so then I had to go to the
3 home page and do a search, and then I found the
4 place.

5 So my question is how do I get all the
6 information that's been sent to you folks --

7 MR. SUGAR: Just one question. Are you
8 on the list server now?

9 MR. McNULTY: Correct.

10 MR. SUGAR: Good. We've been looking
11 into it. The person who's been doing it isn't
12 here. Maxine is out today. But let me find out
13 what the status of that is and we'll make sure
14 everyone is notified about how to get documents.
15 Because I know there have been discussions going
16 on with our list server people.

17 MR. McNULTY: Okay, good.

18 MR. SUGAR: Thank you.

19 FACILITATOR MANCARTI: Okay, thank you.

20 Just to kind of start the conversation
21 off, before we jump into the framework there's
22 been some discussions about sort of picking up a
23 little bit around the conflict that we were
24 talking before, about potential conflicts between
25 goals.

1 And John actually said I'd like to have
2 some quick discussion when we return from lunch,
3 around a particular conflict issue. So, John, if
4 you could introduce that and --

5 MR. SUGAR: I should have held onto
6 this. I missed some of the discussion on
7 conflicts, but one conflict that I wanted to make
8 sure came out is the potential conflict between
9 the goal of reducing energy use and pursuing
10 energy efficiency.

11 Because while efficiency often reduces
12 energy use, I don't believe it is a given that it
13 reduces energy use. In fact, in some cases energy
14 efficiency is the basis for activities which have
15 been considered to be load building by utilities.

16 And in the industrial sector, if we do
17 come up, for instance, through the PEER program,
18 with more efficient ways of using electricity to
19 accomplish processes which have previously either
20 used other fuels or haven't used energy, we could
21 end up using more energy, although total output
22 may increase.

23 And given that difference I kind of
24 wanted to get that on the record so that if there
25 was going to be discussion about it, we had an

1 opportunity to hear it.

2 FACILITATOR MANCARTI: So let's take a
3 few minutes, maybe up to ten minutes, if folks
4 want to provide some input in this particular
5 process around energy efficiency and conservation.

6 Mike's shaking his head already.

7 MR. PARTI: I'm Michael Parti. I think
8 it's a very good point because you could have a
9 situation in which you gave one of the dreaded
10 rebates to increase the probability that people
11 would buy efficient air conditioners, and at the
12 same time when you did that you might actually
13 increase the saturation of air conditioners.

14 So you would end up with load building,
15 even at the same time you would have the average
16 efficiency of the appliances getting better. So
17 it's a real issue.

18 It really bring up the question of how
19 we value the various goals. You know, you ask
20 yourself why do you want to decrease energy
21 consumption, what's the purpose of that. Is that
22 worth -- let's say you would like to decrease
23 energy consumption. Is that really worth -- is
24 the danger of increasing energy consumption worth
25 not having an energy efficiency program. Would it

1 justify not having an energy efficiency program.

2 There are actually benefits even when
3 you are increasing energy consumption. After all,
4 people do get the added benefit of cooling. So
5 there is a social good that does come from that.

6 So I think this whole issue really does
7 point up the necessity for being able to value
8 across goals. So how do you decide what the
9 tradeoffs are across these goals?

10 FACILITATOR MANCARTI: Any follow-up
11 questions or comments? Yes?

12 MR. ALVAREZ: You know the question
13 about this --

14 FACILITATOR MANCARTI: Could you
15 identify yourself, please?

16 MR. ALVAREZ: Manuel Alvarez.

17 FACILITATOR MANCARTI: Thank you.

18 MR. ALVAREZ: This increase of
19 saturation of air conditioning, I guess it
20 fundamentally, from my perspective, gets to a
21 question should this program be asking the
22 question should that consumer have air
23 conditioning at all.

24 And I'm not sure, you know, that's the
25 scope of issues you want to get to. If the

1 consumer decides they want air conditioning, then
2 you should provide them the most efficient air
3 conditioner you can.

4 But the bigger social question, should
5 they have it or not, I don't think the Commission
6 wants to go there. And I'm not even sure it
7 should go there. But I'll leave it at that.

8 FACILITATOR MANCARTI: Okay. Other
9 ideas? Peter.

10 MR. MILLER: Yeah, I'll take a little
11 stronger position. I would say I'm pretty sure
12 that the Commission should not go there. I don't
13 think we need to be too concerned with it, either.

14 And there is a large body of research
15 and evidence on this very issue, and in
16 particular, for example, on the question of air
17 conditioning. If you're giving someone a \$200 or
18 \$300 rebate, it's very very very unlikely that
19 that's going to be what tips them over the
20 threshold of deciding to install a \$5000 air
21 conditioning system.

22 Unless they were already going to do it,
23 the \$200 rebate is not going to make the
24 difference.

25 And in general that's the case for 99

1 percent of the programs and the efforts that have
2 been run. There's a couple of instances in which
3 there's documented bounce-back or take-back, to
4 use one of the technical terms, in the literature
5 of where if you insulate someone's home they may,
6 in fact, turn up their thermostat a little bit
7 more in the winter or turn it down in the summer,
8 because their bill goes down and they feel
9 comfortable taking some of that back.

10 But it's a limited phenomenon and not
11 one that I think is fundamental to what we're
12 trying to achieve here today.

13 FACILITATOR MANCARTI: Okay. Will, and
14 then Rich.

15 MR. NELSON: I'd like to speak to the
16 same issue of the air conditioning in residences.
17 It is an issue and it's a good illustration of the
18 larger support for electric technologies issue.
19 And I'm glad John Sugar is putting this on the
20 record, that there is a tension there in the
21 specific support.

22 Where the Commission does want to go is
23 should there be assessments on a technology-by-
24 technology or product-by-product basis if such
25 tensions are substantial. Yeah. Program

1 reviewers and managers do want to go there.

2 And where the Commission wants to go is,
3 as a matter of public policy should public goods,
4 funds, be supporting strategies that incentivize
5 and grow those markets.

6 That's a very different question than
7 the more Draconian question being posed which no
8 one asked, are we going to tell the consumer that
9 they can't buy an air conditioner or not. That
10 question hasn't even been put on the table. And
11 that was kind of implied, I think.

12 Just another footnote on this area,
13 because it is an area potentially subject to
14 regulation, and being addressed by public policy.
15 And an example of that is we could say in say
16 transitional or more borderline or questionable
17 climate zones where home developers and production
18 builders are installing air conditioning in
19 virtually all of the houses, because they deemed
20 and determined it helps sell their houses.

21 Public policy still might dictate at the
22 same time they install time-of-use meters. And
23 the Public Utility Commission rate schedules, any
24 homes built after year 2000 that have air
25 conditioning in certain climate zones must use

1 time-of-use meters. And that is a way of
2 addressing it.

3 FACILITATOR MANCARTI: Great, thank you,
4 Will. Rich.

5 MR. FERGUSON: I think if this program
6 gets into load building you'll have an awful hard
7 time justifying it. It makes reliability worse,
8 it increases costs for all customers. There are
9 some private benefits to those programs, but I
10 don't see any public benefits at all.

11 But in a larger sense I think this
12 raises one of the questions that so much in the
13 past so much of the focus has been on sexy new
14 technology, which I think has been a mistake.

15 I mean the problem is we've got the old
16 junk still around. And it would be my hope that
17 the focus is on improving the existing
18 infrastructure rather than building new load
19 building infrastructures.

20 I think this would be awfully hard to
21 justify on a public goods charge to the
22 electricity customers.

23 FACILITATOR MANCARTI: Thank you, Rich.
24 Any final comments or thoughts on this particular
25 issue that John brought up?

1 All right, okay. Well, we're ready to
2 move on into our next section which has to do with
3 program planning framework. So we're going to
4 move these notes away and have Kae give some more
5 material, and then we'll move back into a
6 discussion.

7 MS. LEWIS: Look in your handout package
8 for the figure that looks like this. What I'm
9 going to do is walk through this. Okay, does
10 everyone have one?

11 PRESIDING MEMBER LAURIE: Kae, before
12 you get into specifics, can you put this
13 discussion in context of the report? That is,
14 we're here today for a couple reasons. One, we
15 want to talk about this stuff, but the reason I'm
16 here is because we have to write a report. And
17 the report says we're to do very specific things.

18 Can you discuss the relationship between
19 the proposal that's been put out on the table by
20 staff and how it relates to the report that we
21 have to write by January. Where does it fit in.

22 MS. LEWIS: Where that fits in is --
23 will hopefully be addressed by talking about this
24 framework. Because what it is is a -- the
25 concepts that we have been talking about in

1 devising a planning process for programs. And we
2 want our goals to be linked to that process. It's
3 really this planning process that has to support
4 the goals, it has to be designed to fulfill those
5 goals.

6 So the linkage between the discussion we
7 had this morning and the discussion that we're
8 about to have is that we have spent this morning
9 talking about benefits and talking about specific
10 goals.

11 What we'd like to do now is talk about a
12 way to achieve those goals using a particular
13 process.

14 PRESIDING MEMBER LAURIE: Kae, let me
15 take you off track here for a second, and I
16 apologize for doing that. And I may be the only
17 one in the room that is insecure about that nexus.

18 It is staff's position that 1105, the
19 1105 report requires a discussion about program
20 process, is that right?

21 MS. LEWIS: Right.

22 PRESIDING MEMBER LAURIE: Does anybody
23 in the room disagree with that? That is, and I've
24 read 1105 a bunch of times, and there's sometimes
25 I think I understand what it says, sometimes I'm

1 not so sure.

2 We are about to embark on a discussion
3 of what is felt to be believed a major element of
4 what's going to be in the report. Does anybody
5 have a sense that in fact this is not required or
6 a mandated element of the report?

7 MR. FERGUSON: In my opinion what the
8 Legislature is looking for is much more the
9 principles by which the Fund is going to be
10 managed, more than the procedural details.

11 And when I saw this what I think has
12 been assumed is that there is a process that is
13 going to happen that looks something like this.
14 But to my mind that makes some assumptions about
15 the overall strategic way that this money is going
16 to be allocated with which I'm very unhappy.

17 So, I don't know if we need to go here
18 or not, Commissioner, I don't know the answer.
19 But, I think the Commission does have to recommend
20 some general principles that are going to guide
21 the development of the process.

22 And to my mind that's the discussion we
23 need to have first.

24 MS. TEN HOPE: I just didn't catch the
25 last part. You said there were some assumptions

1 that you're unhappy about? Was that right? I
2 didn't quite get that. Assumptions in the
3 framework or --

4 MR. FERGUSON: Yeah, I think to come up
5 with this you had to make some assumptions about
6 the principles by which the money is going to be
7 allocated that get you to here. And I think those
8 are what we need to discuss first.

9 MS. LEWIS: Do you mean making decisions
10 about goals before --

11 MR. FERGUSON: No.

12 MS. LEWIS: -- we talk about this?

13 MR. FERGUSON: No. As I commented at
14 the last workshop, to my mind the principles
15 should be that this money should be allocated on a
16 competitive basis, you know, competitive, least-
17 cost basis to the extent feasible.

18 And it should be market driven, you
19 know, from the bottom up, so to speak, rather than
20 from the top down. This is a top-down kind of
21 approach that I don't see is least cost based and
22 so on.

23 So, those are the kind of global
24 decisions that I think you need to make before you
25 get to here. And when I saw this kind of top-down

1 approach, to my mind you had already made the
2 decision that this was not going to be least-cost
3 market-driven kind of process.

4 So, -- am I making myself clear?

5 MS. LEWIS: I think so. But I don't
6 think you'll find that in this approach. Maybe
7 the figure somehow looks top-down, but that's not
8 what is intended.

9 MR. GOLDSTONE: I just wanted to agree
10 with one thing you just said. I think to some
11 degree, in terms of 1105, they do ask us to deal
12 with principles. So I think to the extent this
13 relates to 1105 it's about such principles as we
14 shall, you know, as it says in the little three-
15 pager.

16 One of the principles would be, we're
17 going to use a portfolio strategy as a means of
18 reducing risk. We're going to understand that
19 other principles, we're going to strive to
20 understand the market as a system.

21 Another principle, we're going to use a
22 pilot testing to test these ideas in the market.
23 We're not going to make it a process which forces
24 ideas from the top down without testing it in the
25 field; -- all principles that could be responsive,

1 in my view, to what AB-1105 asks for.

2 PRESIDING MEMBER LAURIE: Well, Sy, you
3 just stated to the extent that this discussion is
4 applicable to 1105. What is staff's intent
5 regarding use of this discussion? Is it staff's
6 intent that this discussion be part of the 1105
7 report?

8 MR. GOLDSTONE: As part of the request
9 in 1105 for principles, I would say yes.

10 PRESIDING MEMBER LAURIE: Okay, well,
11 but that doesn't answer my question. To what
12 extent -- let's say somebody took action today and
13 said, yeah, this is the deal.

14 Is it intended that this be part of the
15 1105 report?

16 MR. GOLDSTONE: You mean the way the
17 three-pager is worded?

18 PRESIDING MEMBER LAURIE: Yeah.

19 MR. GOLDSTONE: Oh, I would suspect that
20 this is written for this workshop, it probably
21 wouldn't go in verbatim to the report. We're in a
22 workshop process here.

23 But the purpose of discussing these
24 questions is because we hope they will appear in
25 the final report, not necessarily worded like

1 this.

2 MR. CENICEROS: Maybe I can clarify
3 this, Sy. It's an excellent question you raised,
4 Commissioner Laurie, because the legislation AB-
5 1105 does not ask us to do this explicitly.

6 But staff felt that in order to answer
7 some of the questions that it does require us to
8 answer, such as what should the new administrative
9 structure look like, what should the new funding
10 levels be, what kind of resources will be
11 necessary, we have to have a very good sense of
12 how we would be running these programs. How we
13 would be achieving the goals and the benefits that
14 we're trying to go after here.

15 So we laid out a framework here which if
16 something similar to this, for example, were to
17 prove out to be an effective strategy, that would
18 help us answer the questions of what kind of
19 administrators do you want to hire, what kind of
20 staff support do we need for those administrators,
21 what should be the role of government in all this
22 structure.

23 So that's the rationale, I think, in
24 talking about this at this time.

25 PRESIDING MEMBER LAURIE: Okay, that's

1 very helpful, thank you.

2 MR. NELSON: I would agree that this
3 workshop is intended, and the transition report is
4 intended to address process issues. The devil is
5 in the detail, and this is a very devilish
6 subject.

7 To the extent that the Commission
8 doesn't address details, the arguments and
9 discussion, the legislature will be more devilish,
10 okay.

11 I didn't come here today -- I don't want
12 to push this afternoon's proceeding in the
13 direction of being a slugging match over all these
14 details. However, I believe that the more the
15 Commission can provide detail in these areas to
16 the Legislature, informed detail, draw from the
17 previous record and the previous working groups,
18 and pull together in this report some
19 recommendations, it will help the process.

20 Let me give you an important example.
21 And in some ways, I don't think we can escape
22 addressing certain details. And it may very well
23 be that we need to use this afternoon as a scoping
24 session. Whether it's possible or not, I don't
25 know. Conduct yet another session then. Not to

1 go into a slugging match, but to go into more
2 details.

3 I leave that decision for your Committee
4 after considering what it receives today.

5 But let me just bring up one example.
6 And that's the actual funding mechanism. The
7 funding mechanism is currently a required
8 collection and expenditure that's listed by a
9 dollar amount per utility.

10 The Utilities Commission, in
11 proceedings, has translated that into a rate
12 component. It is now a rate component. If it
13 remains a rate component the implications for
14 process administration and management of these
15 programs are very different than if it's not a
16 rate component, or if it's a rate component that's
17 put under the jurisdiction of the Energy
18 Commission rather than the Utilities Commission.
19 That's a fundamental detail that has implications
20 for everything else.

21 And I believe the transition report
22 should address that detail as a for instance. I
23 won't list out other major ones, but that's one
24 major example.

25 FACILITATOR MANCARTI: Perhaps we can

1 move on to the framework?

2 MS. LEWIS: What I'd like to do today is
3 to present this framework. It will address
4 principles; it will have impact on an
5 administrative structure, and I'll talk about that
6 as I go along.

7 There's a few people in the room here
8 that have helped develop this, and when I'm
9 finished with the presentation, all of them will
10 join in answering questions. And the three people
11 are Sy Goldstone, Lynn Marshall and Bruce
12 Cenicerros.

13 At this point this framework is
14 conceptual, we're working on it. But I want to
15 make it really clear that you'll see a lot of
16 continuity here if you compare it with the CB, the
17 PUC's adopted policy rules.

18 In a sense we're not reinventing the
19 wheel. We're making refinements and trying to add
20 a disciplined structure to the work that's already
21 been started.

22 What I'd like to do is just go through
23 this and hold your questions, and then we'll have
24 a time period at the end for clarification.

25 Okay, this morning we talked about

1 benefits and we talked about some specific goals.
2 It's really your goals that drive your program
3 design. You don't want it to be the other way
4 around. So that's why being as clear as possible
5 on your goals is very important.

6 I want to talk for just a minute about
7 what we're calling program styles. And we talked
8 about this this morning, this is resource
9 acquisition, technologies and sustainable market
10 transformation changes. We talked about these as
11 related to a number of different goals.

12 Although we want to emphasize market
13 transformation, we really feel at this point that
14 it may be perfectly fair to have goals which can
15 be implemented through these different program
16 styles. These may be acceptable in a portfolio of
17 programs. It depends on what your goals are.

18 The three styles: Goals which express
19 the need for shorter term savings, perhaps as
20 specified by the ISO, which was mentioned this
21 morning, may be met by resource acquisition style
22 or approach.

23 Goals which express a preference for
24 acceleration of public interest technologies, may
25 be met by a technology approach. Again, that was

1 mentioned this morning when we talked about goals.

2 And the third one is goals which achieve
3 energy efficiency through sustainable cross-
4 beneficial improvements in the California energy
5 markets. That's language from AB-1105. May be
6 met by a market transformation approach.

7 Program styles are not mutually
8 exclusive, but they do have different emphases,
9 and you want to take this into consideration when
10 you're going from your goals to your market
11 assessment.

12 Once you identify what your goals are,
13 you want to look for the opportunities for
14 fulfilling those goals. And you start with a
15 market research process.

16 Your market assessment here, that's your
17 market research stage. What this is going to
18 yield is three important things. One is you're
19 looking in a market for the points which are most
20 amenable to intervention. So you're looking for
21 where you can change a market, where you might
22 have leverage. And this depends on what your
23 specific goals and program styles are.

24 Second, you want valuable information
25 about that market that helps you design that

1 intervention.

2 And last, you're looking for information
3 that helps you justify what you're doing. You
4 want to be able to explain how your program
5 results are going to achieve those specific goals
6 you've identified.

7 This program justification is what we
8 also call the theory based approach which is
9 mentioned in the paper. And it is critical
10 regardless of what program style you use. It's
11 not unique to market transformation.

12 If your needs are for market
13 transformation program style, your market
14 assessment objective is to locate where in the
15 market innovation and learning can take place.
16 So, where in the market are the new ideas likely
17 to take root and cause innovation. Where are you
18 going to be able to create feedback loops to other
19 parts of the market system.

20 Because it's really these feedback loops
21 that make your market smarter, more energy
22 efficient. To identify these loops you want to
23 view your markets as a system, rather than as
24 separate components.

25 The assumption here is that adjustment

1 to one part of the market affect all the other
2 parts. And knowing how these pieces fit together,
3 identifying most effective leverage points are
4 your intervention points.

5 So in your market assessment you want to
6 know three things: You want to know the
7 interdependencies between different parts of the
8 system. Second, you want to know how your market
9 actors behave and interact. And third, you want
10 to know the market rules, how information is
11 passed, and what incentives are in that market
12 system.

13 Once you've done your market assessment,
14 you can use that information with your goals to
15 create your portfolio objectives. So your goals,
16 your program styles, your market information and
17 knowing what the best intervention points are in
18 that market help you create a portfolio objective.

19 The portfolio objective identifies how
20 your specific goals will be fulfilled using the
21 information from your market assessment.
22 Portfolio objectives brings your goals and market
23 assessment information together. It's another
24 reason why your goals have to be very clear.

25 Ideally when your portfolio objectives

1 are fulfilled, your market's transformed. It's
2 that simple.

3 And actually I want to mention here,
4 too, that the word portfolio is used in the CB
5 policy roles. They use the term a little
6 differently than I'm going to suggest here. A new
7 principle that we would like to raise is using the
8 word portfolio strategy, sort of the way the
9 financial community uses it.

10 And this is actually not a new idea to
11 CB, because it was mentioned in a paper that CB
12 had on the third party initiative program. So
13 this idea has been introduced into the CB program
14 community.

15 Now we're down here to your program
16 stage. How do you fulfill your portfolio
17 objectives within a market. We have a couple
18 examples here from the residential market.

19 You have like a portfolio bundle. It's
20 a set of programs in a market that work together
21 to reinforce your -- to fulfill your portfolio
22 objective. They reinforce each other.

23 The actual portfolio will have some
24 features that are unique to a portfolio strategy.
25 First, there will be an identification and

1 reduction of risk to all market actors and to the
2 state.

3 And this will result in a diversity of
4 programs. You might mix programs sort of what you
5 might consider a high risk program with a low risk
6 program.

7 Second, you want it to be options
8 oriented. You want to improve your decisionmaking
9 by looking at as many options as possible. And
10 this is a good strategy when there's a lot of
11 uncertainty. Rather than taking one idea and
12 going full scale, you'd like to start out on a
13 number of ideas, take them a little distance, see
14 how they work, and then pick which works the best.
15 And then go full scale.

16 The third point is your want synergy
17 with your programs. You want all your programs to
18 work well together.

19 For instance, if you're suggesting a
20 technologies program, you might also need a
21 program that, you know, perhaps a labeling program
22 that helps people use the technology properly.

23 And last, you want comprehensiveness.
24 You want all the possible options in the market.
25 You want to be complete. All the possible

1 intervention points.

2 At this point I can make some structured
3 suggestions which gets to the point raised earlier
4 about top-down and bottom-up. The development of
5 a portfolio bundle really seems to be a likely
6 point at which program ideas can be solicited from
7 whatever entity acts perhaps as an administrator.
8 Those ideas, these programs could be solicited
9 from the bottom-up.

10 Also, if you're working with a market
11 that has a -- there's a lot of unknown things
12 about it, new market perhaps, then you might want
13 to solicit portfolio objectives. So you could do
14 that, you could have a broader solicitation. So
15 that's a possibility in a structural
16 recommendations.

17 Okay, so this at this point we have a
18 portfolio objective and we have a set of program
19 ideas here. The portfolio program options are
20 proposed to meet the portfolio objective. They're
21 presented by the sponsors, again using the theory-
22 based approach. Sponsors can provide the story
23 based on the known facts that link the program
24 activities with the program outcomes that satisfy
25 your portfolio objectives, which satisfy your

1 program style needs and your specific goals and
2 your benefits and all the way up. It's all linked
3 together.

4 This approach becomes the key to
5 measurement and accountability for the program's
6 success. Program ideas that work conceptually, as
7 of this stage we're only talking about having
8 programs make sense almost like on paper, those
9 that pass sort of the concept test can then be
10 pilot tested, put into the field.

11 Concept testing to weed out ineffective
12 ideas before money is spent on programs that
13 perhaps have little chance for succeeding in
14 fulfilling the portfolio objective.

15 Your next step is field testing.
16 Actually, I want to mention something else. In
17 order -- comic relief --

18 (Laughter.)

19 MS. LEWIS: Okay, in the concept testing
20 for a program to pass the test, it has to address
21 one or more of your portfolio objectives. It has
22 to be justified using the theory-based approach,
23 and it has to be well integrated with the other
24 programs in your portfolio.

25 I want to mention here that nothing

1 that's been said so far rolls out existing CB
2 programs. And of course we want to take into
3 consideration continuity and stability. That will
4 be a consideration most definitely.

5 Existing programs may well fit. As long
6 as they fulfill the portfolio criteria they may
7 well fit in. In fact, I put it here under full
8 scale programs as an example.

9 What this shows here is that at any
10 given time you, in a market you might have your
11 full scale programs that have been all fully
12 tested. In the case of existing CB programs that
13 testing would start with the existing evaluations.

14 And then you might have so many pilots
15 at the same time. So this is what your portfolio
16 would look like at any given point in time.

17 Your pilots. Programs that pass the
18 test become pilot initiatives that can be field
19 tested under your real market conditions. You may
20 actually want to do this more than once.

21 For instance, say in a local government
22 program you might test it in a number of different
23 jurisdictions before you make a recommendation to
24 go full scale.

25 Programs that fail are not bad programs.

1 Well, they may be bad programs, but it's not a bad
2 thing to have programs -- have ideas fail.
3 Because you learn from that. You end up with a
4 better program. Once you take a program and
5 decide it's not going to work, that idea, you come
6 back up or back up to your market assessment and
7 work for more opportunities.

8 That refines and improves your knowledge
9 base, so it improves your market research. But it
10 also ends up in better programs.

11 Once you have your full scale programs
12 that have passed your field testing, then they go
13 into an evaluation stage. Full scale programs go
14 into the, sort of the real time evaluation process
15 through measurement and accountability that you
16 have determined in your theory-based stage. It's
17 really the program justification, the theory of
18 how the program is going to work is what helps you
19 determine how you're going to measure the success
20 of that program.

21 Those are the sets of measurements that
22 you're going to use to keep your full scale
23 programs on track.

24 And so I've taken you from this point to
25 this point. We've started with our goals this

1 morning and we've shown how the goals are used to
2 develop portfolio objectives, sets of programs,
3 and I think that's it.

4 So what we'd like to do now is have a
5 time period of clarifying questions. And then
6 open up for some broader comments.

7 And our whole team is going to
8 participate and answer questions.

9 FACILITATOR MANCARTI: So, let's take
10 about 20 minutes for points of clarification. And
11 then we'll take a short break, come back, and then
12 we'll do the final discussion piece which is, on
13 the first read, do you think this is sound, and if
14 not, what are your modifications or validations.

15 So right now we'd like just points of
16 clarification. If Kae said something here that
17 needs more explanation, those are the types of
18 questions that we're looking for now.

19 And then when we come back after break,
20 it will be more of your thoughts of whether this
21 is good to pursue.

22 Let's start with Mike and Rich.

23 MR. PARTI: Michael Parti. That's a
24 very good beginning, I think, it's just very well
25 done.

1 I think the portfolio approach is very
2 well conceived. The question I would have is how
3 you allocate resources across portfolio elements.
4 And I'm wondering whether you would consider some
5 sort of optimization framework, since you have a
6 theory-based model, you would have the equations
7 you would need to carry that off.

8 FACILITATOR MANCARTI: Is there a
9 response to Mike's question at this point. There
10 may not be a response, so we are going to jot down
11 all questions.

12 MR. PARTI: So then you could use an
13 optimization to solve for optimal values for each
14 portfolio element expenditure.

15 FACILITATOR MANCARTI: Bruce said he
16 could begin to address that question.

17 MR. CENICEROS: Your question brings up
18 issues that are definitely down the line from this
19 framework, but I think you give it the right start
20 there, in that it's going to require a balancing
21 of the different specific goals and the portfolio
22 objectives and other criteria that you may have in
23 terms of things that were mentioned up here, like
24 equity and reach and leverage points and all that.

25 So, we're going to have to look into

1 that very very closely. The CBE obviously has
2 been struggling with how to allocate resources and
3 it's not an easy question to answer. And we're
4 going to need a lot more input on that. I'm glad
5 you brought that up.

6 FACILITATOR MANCARTI: Thank you.

7 MS. LEWIS: We're going to read your
8 paper.

9 FACILITATOR MANCARTI: Peter, is this a
10 follow up to Mike's comment? Is this something
11 new? Okay. Rich, and then Peter for points of
12 clarification.

13 MR. FERGUSON: I'm not sure I
14 understand. Maybe it goes to the same resource
15 allocation, but the problem the administrator has
16 is he has a pot of money and people are going to
17 ask for money and promise to reduce electrical
18 loads in return for the money.

19 And I guess the question is is there any
20 possibility in here that somebody who could save
21 energy for a penny a kWh is not going to get the
22 money, and somebody who can save energy for 2
23 cents a kWh will?

24 FACILITATOR MANCARTI: Any response?
25 Sy, did you want to respond to that?

1 MR. GOLDSTONE: Well, because it's an
2 easy question to answer, because you said is there
3 any possibility, and the answer is of course
4 there's a possibility because there's a lot of
5 uncertainty about these things.

6 But the hope is that once you -- to some
7 extent we're trying to have a process in which we
8 maximize learning at minimum ratepayer expense.
9 So that in the end we reduce the risk of that type
10 of mistake.

11 FACILITATOR MANCARTI: Thanks, Rich, Sy.
12 Peter.

13 MR. MILLER: Peter Miller. I'm not sure
14 if this fits in the category of clarification
15 questions because the problem I'm facing, as you
16 described, the plan for the rest of the afternoon,
17 is I'm not even sure what's -- I mean I look at
18 this and I say, well, for the most part that's
19 exactly what we've been doing.

20 There's been an over-arching goal;
21 there's a sense from the markets; there's the
22 portfolio programs; different program styles; we
23 learn from our mistakes; pilot test programs; and
24 we continually modify based on what we've learned.

25 So, are we just describing the existing

1 system? And if so, why are we spending all this
2 time. And if not, then what is it that we're
3 talking about that's different here that we need
4 to be focusing on? What's the critical thing that
5 I'm not catching that's different about this
6 system that we're going to -- that's essential for
7 putting together this report that we're working
8 on?

9 That's why I don't have a clarification
10 question, because you know, for all intents and
11 purposes of this report, that's what we're already
12 doing, as far as I can tell.

13 FACILITATOR MANCARTI: Okay.

14 MR. MILLER: And so that's the question.

15 FACILITATOR MANCARTI: Great. Is there
16 a response from the team members?

17 ASSOCIATE MEMBER PERNELL: I have a
18 question for Peter, if I may. Peter, do you think
19 the existing system is working fine? Do we even
20 need to do anything?

21 MR. MILLER: I think as far as this
22 aspect of the existing program. I wouldn't say
23 that it's working fine and that we don't need to
24 do anything. But I would say that the level of
25 changes that are needed are not the level that

1 would rise to this report to the Legislature.

2 They're not the kind of changes I would
3 report to the Legislature.

4 ASSOCIATE MEMBER PERNELL: Okay, thank
5 you.

6 FACILITATOR MANCARTI: Thank you.
7 Bruce, did you have a comment? Oh, Sy, you had a
8 response? Hang on just a second.

9 MR. CENICEROS: I'll just start and let
10 Sy finish it for me, probably.

11 First, just to respond to what's
12 different here. There's not a lot that's
13 different than what we think the CB has been
14 trying to do. We've noted some of your own
15 admissions of limited success in terms of
16 articulating -- you and the administrators
17 articulated program theories and have that work
18 real well, to carrying it through the process and
19 evaluating the programs, and feeding back up to
20 redesign them and finding new areas to target in
21 different ways, and third-party solicitations.

22 And we know you're probably in the
23 process being where you want to be. I think what
24 we're trying to do here is put a little bit more
25 emphasis on what Kae termed as the options

1 approach. That's a term that the financial
2 community has been using for awhile now. And I
3 don't want to go into a lot of detail about it
4 here, but basically it's maintaining options from
5 this point, some point down in the future so that
6 you have more choices all along the way.

7 And I think what we're talking about
8 here is to emphasize that a little bit more than
9 what I've seen in the CB program portfolios in
10 terms of germinating ideas and carrying them
11 through. And then when the market changes, say
12 the economy flips the other way, or whatever,
13 you've got options that may be more in tune to
14 responding to that kind of situation than the
15 situation you're in when the program started, as
16 an example.

17 I'll just end it right there. If you
18 have any other questions maybe --

19 FACILITATOR MANCARTI: Sy.

20 MR. GOLDSTONE: I think, you know, as
21 Kae mentioned in her opening comments, I don't
22 think that we're saying that these ideas are
23 particularly new. In fact, there's quite a bit of
24 consistency between these ideas and the ideas that
25 I think CB and the PUC have already been

1 articulating.

2 So, from that --

3 MR. MILLER: It's not so much that
4 they're new ideas, the new things that we're
5 doing. I think this is in broad outline exactly
6 what's been going on for ten years.

7 MR. GOLDSTONE: Well, I think --

8 MR. MILLER: So, --

9 MR. GOLDSTONE: Yeah, --

10 MR. MILLER: -- it's not so much new
11 ideas that we're articulating that we're just
12 trying to get into place. I think that this
13 process of a goal, a process of market assessment,
14 of assessment of what your opportunities are,
15 development of portfolio programs, pilot testing
16 programs, full scale programs and learning from
17 that is a process that's been going on.

18 The specific details of how you define
19 different programs, -- take issue with, is that
20 important? I can't see why.

21 Is the question of the program
22 solicitations, maybe we've been doing that, as
23 well. So, what's critical about this model? I
24 mean, obviously it's easy to write up a clean
25 model, little boxes and they've got nice square

1 edges. The reality is always messier, always, no
2 matter what you do, than, you know, the box chart.

3 But, that's the real world. So,
4 what's --

5 MR. GOLDSTONE: One thing, I think, is
6 this. The terms of the legislation, we're not,
7 you know, we don't feel particularly compelled to
8 put forward radical new principles. I think what
9 we're feeling compelled to do is do as clear an
10 articulation of the principles that are right.

11 The fact that these may be principles
12 that you have been applying will not prevent us
13 from trying to do that. I think at this point
14 there is no real document that I'm aware of that
15 really articulates them in a nice way. So we hope
16 to be able to do that. And we haven't done it
17 yet, I'll be the first to agree. But that's
18 certainly one of the things we aspire to do.

19 The other thing is that from what I
20 hear, and I haven't been too close to this, I
21 think there have been problems in the practical
22 implementation of these ideas in recent years.

23 At the risk -- I'll make one specific
24 observation, for example, let's take the \$40
25 million standard performance contract program,

1 which is a program we have to comment on under
2 1190. I mean under our approach would not have,
3 you know, this is always Monday morning
4 quarterbacking, but nevertheless we would
5 certainly not have committed \$40 million to a
6 program statewide before doing some small scale
7 pilot testing of different possibilities.

8 So, this is one example where -- and I
9 think everyone understands from a Monday morning
10 point of view, that that would have been a better
11 way to go. So we're just reiterating that.

12 FACILITATOR MANCARTI: Thank you. Do
13 you have a point of clarification?

14 MR. ABELSON: Yeah, I do. First of all,
15 I want to just suggest that what Peter is saying
16 is not something that should be, I don't think, of
17 concern to our Committee or our Commissioners. In
18 fact, what I hear Peter saying is we've have a
19 good conceptual approach.

20 What we see the Energy Commission laying
21 out here at the broad structure design of the
22 program very much mirrors the approach that all of
23 us for ten years in this industry have been
24 taking, and have found to be a constructive
25 approach.

1 That's an important issue for all of us
2 to hear back as part of this dialogue, okay. That
3 the approach, itself, is a conceptually valid
4 approach. It is an approach that people have
5 used, people do understand, people do endorse.

6 The question then becomes, and this goes
7 to your point, Commissioner Laurie, earlier today,
8 as you get into all right, now how can we develop
9 an administrative structure that will efficiently
10 implement this approach, which are other questions
11 that this report has to address.

12 How much dollars do you need? The 220
13 that's currently out there, is it more, is it
14 less, whatever? I mean you can't even begin to go
15 to those questions until there's at least a
16 framework, a design, at a very macro level that
17 people are saying we understand it, and more or
18 less, we accept it.

19 So I'm not troubled by what you're
20 saying at all. I think it's good.

21 PRESIDING MEMBER LAURIE: Let me ask a
22 follow-up question to that. And if anybody in
23 this room participated in the writing of 1105 help
24 me out with this.

25 I sense that there are some major

1 questions that the Legislature is interested in,
2 to wit, what is the overall mechanism for
3 administering this thing. Are we going to, by
4 legislation, tell the utilities to do it; by
5 legislation create some public benefit
6 corporation; by legislation tell us to do
7 something else?

8 I doubt very much the legislation is
9 going to go beyond that and write a strategic plan
10 for us. So, what I'm having a difficult time
11 understanding is if, for the report purposes, we
12 have an understanding that the Legislature is
13 interested in what our thought is regarding that
14 big question, then what about this leads us to A,
15 B or C? Whether A, B or C administers the x
16 number of dollars, they will follow something like
17 this.

18 Am I incorrect? This, to me, is a
19 strategic plan for implementing the goals. What
20 I'm not getting is the relationship between this
21 and the question of what's our recommendation for
22 administering the plan. And do we think that the
23 legislation requires a lot more depth on the
24 question of how are you going to administer this
25 thing.

1 The administration of a couple hundred
2 million dollar program takes a lot of time to
3 think about. Do we believe that the Legislature
4 is expecting from us an administration program?
5 Do we think that that's what they're asking for?
6 Or are they asking for, do we think the utilities
7 should do it, do you want to set up a nonprofit
8 thing, or give us some other ideas?

9 Now, good --

10 FACILITATOR MANCARTI: Okay, so we've
11 got a couple of folks, and then we'll go ahead and
12 just continue to roll out with the folks with
13 their hands up.

14 PRESIDING MEMBER LAURIE: And what I
15 don't want to do is answer a question that the
16 Legislature hasn't asked.

17 FACILITATOR MANCARTI: Will, and then
18 Mike, and then all the other folks, we'll catch
19 you in order.

20 MR. PARTI: Okay, I'm Michael Parti. I
21 think the --

22 FACILITATOR MANCARTI: Oh, the wrong
23 Mike, I'm sorry.

24 MR. PARTI: Oh, I'm sorry.

25 FACILITATOR MANCARTI: Did you have a

1 comment, Mike?

2 MR. RUFO: I did have my hand up
3 earlier.

4 FACILITATOR MANCARTI: Right.

5 MR. RUFO: Before that last wave of
6 hands, so if you're remembering that, that's --

7 FACILITATOR MANCARTI: Okay, so --

8 MR. RUFO: But it doesn't address the
9 Commissioner's question, so why don't I pause.
10 I'll come back and --

11 FACILITATOR MANCARTI: Thank you.

12 MR. PARTI: Okay, this does address the
13 Commissioner's point, which is it's a crucial
14 point. How does all this fit into the
15 requirements for the report.

16 And the way I would look at it is that
17 if you're going to set up an administrative
18 structure, then the structure has to have -- it
19 has to perform functions.

20 You ask yourself what functions must be
21 performed. And it seems to me that Kae is laying
22 out all the functions that must be performed by
23 the administrative structure.

24 So then when you decide what sort of
25 administrative structure you're ultimately going

1 to have, you can say well, will this structure be
2 able to perform these functions. And she's
3 essentially giving you all the boxes that have to
4 be checked off.

5 So I think it's a very useful exercise.

6 FACILITATOR MANCARTI: Great, thanks.
7 Okay, hang on, Peter. Will, and then we're going
8 to go to Mark, Mike, and then we'll sweep around
9 the room.

10 MR. NELSON: I'm struggling with this
11 chart very much in the same way that Peter Miller
12 is, very much in the same way that the
13 Commissioner is.

14 I don't take issue with this paradigm of
15 analysis, or this decision-making review set up.
16 And I'm not saying that it's peripheral to what
17 some administrator might eventually do. I don't
18 believe that the Legislature is going to be able
19 to translate information like this into
20 legislation. And I don't think it really provides
21 that much basis for the kind of decisions that the
22 Legislature is going to be making. So that's
23 being responsive to what Commissioner Laurie is
24 asking about. No, I don't think it does.

25 And I have to be more frank. I mean I

1 don't know if this is -- it has just been put up
2 as a discussion piece, but it seems more like a
3 sales plan for a potential administrator overall,
4 an over-arching plan.

5 FACILITATOR MANCARTI: Okay, thank --

6 MR. NELSON: And -- well, no, I need to
7 finish this up. Because if we spend all afternoon
8 on this chart, I don't know that we'll have served
9 a very productive purpose.

10 And I want to emphasize, I'm not taking
11 issue with the concept that the Energy Commission
12 performs a major role. But if this whole thing is
13 to be a preface of five or six pages in a report
14 that walks the Energy Commission into a plan to
15 being the over-arching administrator to issuing
16 macrocontracts to sector program managers, then
17 please say that. And let's begin moving into
18 the -- this is a clarification question.

19 Let's move into the discussion on that
20 basis rather than moving around the fog of this
21 decision chart, which I don't think people have
22 depth arguments with in this room. But I won't
23 speak for others.

24 FACILITATOR MANCARTI: Thank you.

25 MR. NELSON: Thanks.

1 FACILITATOR MANCARTI: Mark.

2 MR. BERMAN: Thank you. Mark Berman,
3 Davis Energy Group. First I'd like to point out
4 one difference I did notice on this chart versus
5 what may have been going on in the recent past, is
6 that technologies that come out of PEER and other
7 sources are mentioned on this chart, and I think
8 that's a plus.

9 We're beginning to build a bridge
10 between the PEER program and market
11 transformation. That's, to me, an important
12 nuance.

13 But I view this chart as one part of a
14 much bigger picture, and I think, as Commissioner
15 Laurie pointed out, the Legislature is interested
16 in the bigger picture. I don't think there's too
17 many people here arguing that this is a bad model
18 for how programs be designed.

19 But I also think there are a lot of
20 people saying that it's time to move beyond this
21 model, because the utilities could do something,
22 have been doing something, according to this
23 model. The PUC has; a public benefits corporation
24 could; the Energy Commission could. A lot of
25 people could perform the functions in this model.

1 And I think the question now needs to
2 turn to who could best perform these functions.
3 Who should be designing these programs. Should it
4 be the utilities, the Energy Commission, some
5 combination thereof. Should it be overseen by the
6 PUC, the CEC. Should there be a public benefits
7 corporation. Should third parties compete
8 solicitations to administer these programs.

9 How will the implementers be selected.
10 Will the implementers have input into program
11 design. To me, these are the key questions that
12 ought to be looked at. And that comes after who
13 the best administrator is.

14 And another one that definitely should
15 not be overlooked, there's a lot of momentum in
16 the marketplace. There are a lot of programs out
17 there, many of which are working very well. A few
18 of which need adjustment. Most of which need time
19 to tell. How are these existing programs going to
20 be smoothly transferred from the existing paradigm
21 to the new one. That is another key question.

22 So I would put that one right up there
23 with who should administer. And I would suggest
24 that we spend our time talking about the pros and
25 cons of different administrative structures,

1 because any of them, I think, can fulfill the
2 model.

3 FACILITATOR MANCARTI: Thank you. Mike
4 Messenger.

5 PRESIDING MEMBER LAURIE: And let me
6 again, and I appreciate these responses to my
7 inquiry. If you were writing this report and
8 you're reading the portion of the report that says
9 talk to us about administrative structure, what do
10 you think the Legislature is talking about? Do
11 you think they're talking about we think a
12 nonprofit corp can do it with a, you know, public
13 interest board of directors of anywhere from 10 to
14 2000 people?

15 Or do we think the utilities can do it?
16 Or they're looking for a multipaged organizational
17 chart. That is what I need a sense of. And we
18 will make our own decision ultimately about
19 interpreting the Legislature's words.

20 But I want to make sure that we're not
21 standing alone in what the contents of the report
22 are going to be. So, if folks have thoughts on
23 that, I need to know.

24 FACILITATOR MANCARTI: Mike.

25 MR. MESSENGER: Yeah, I think I was to

1 try to answer your question. To me the purpose of
2 this chart is communicating to the Legislature who
3 we think should do each box.

4 For example, the most all-inclusive one
5 would be the Legislature sets the over-arching
6 goal in A. And the program administrator does
7 everything else on this entire chart. That's one
8 possibility.

9 On the other hand, if we think that on
10 the basis of experience or on the basis of just
11 reasoning that it makes sense to have someone
12 different do the market assessment than to do the
13 portfolio objectives and all the other things
14 below that, then that's what we should say. We
15 nominate a utility or a nonprofit or someone to do
16 everything below a certain level on this chart.
17 And some other set of people to do the things
18 above it.

19 So this chart is a way of communicating
20 about what functions should be presumed or
21 performed by the agency, if there is any role for
22 the agency, by the administrator, and if there are
23 any other third-party actors that we think need to
24 be involved in the system, that would be the way
25 to communicate it.

1 So what I would do is I'd take this
2 chart and I'd fill in who the people are in each
3 box. I'd say, A, we want that to be the
4 Legislature. And just that would be the way that
5 I would communicate, and I think that's the level
6 that the Legislature wants to know.

7 Because then the next thing they want to
8 know is well, how much money does each person in
9 this box structure need. So that's the next thing
10 you go to.

11 PRESIDING MEMBER LAURIE: Are you going
12 to start with the Legislature?

13 MR. MESSENGER: Yes.

14 (Laughter.)

15 FACILITATOR MANCARTI: Good point, Mike.
16 Carl and then Peter.

17 MR. BLUMSTEIN: Carl Blumstein from the
18 University of California Energy Institute and the
19 California Institute for Energy Efficiency.

20 I guess I'm having -- I think this is
21 following on your comment. The trouble that I'm
22 having with this, and maybe the way the staff
23 could clarify this, and maybe this is responsive
24 to Bob's point, as well, this seems to me to be
25 something that you would do if you were starting

1 ab initio, and somebody gave you some money and
2 you said, let's get some programs going.

3 Okay, we're dealing, obviously, with a
4 going concern with \$200 million on the street. So
5 it seems to me that a very high -- that you would
6 come back to what Mike is saying and say what are
7 the jobs.

8 Well, the jobs obviously are how do I
9 handle this going concern. Which programs do I
10 continue, which do I strengthen. In talking to
11 the Legislature you need first to say, here's
12 what's happening. Here's what you got, here's
13 what the problems are, here's where we want to go.

14 I don't think they want an organization
15 chart. I think they want -- that would be like
16 half a page of the report. But it's here's what
17 you got, here's what the problems are, here's what
18 needs to be done, here's the kind of structure
19 that can do it.

20 And it seems to me that what's missing
21 out of this is boy, this is only a small piece of
22 what you got to deal with. Because you got a
23 going concern.

24 FACILITATOR MANCARTI: Okay, thank you,
25 Carl. Peter, and then we'll sweep this way and

1 come back to this side. I know David wants to
2 speak again.

3 MR. MILLER: Right, just to add to what
4 Carl said, the cognitive dissonance that I think
5 is motivating this discussion is that everybody's
6 looking at this and saying, well, okay, makes kind
7 of sense.

8 But then you read the paper and the
9 paper it doesn't deal with who's going to do what.
10 And it doesn't say, well, this is the system we've
11 been using and it's pretty much good, but we need
12 to emphasize different things or move in different
13 directions or maybe we would have made different
14 decisions.

15 It reads as if well, here's a brand new
16 thing that we've just thought up, you know, it's
17 new and great, and you know, it's this fabulous
18 new thing. And, you know, push on the points of
19 leverage and things will fall into place.

20 And so, there's -- if the point is to
21 say, hey, we got a system that just needs to be
22 tweaked, it's working and this is how it is, as
23 Carl says, that's a half page at most. And then,
24 you know, there's still a question of well, why
25 are we even saying this in the report. But at

1 least we're done with it in half a page, and we're
2 not going to sit and argue about it as new stuff.

3 FACILITATOR MANCARTI: Thanks, Peter.

4 MR. MILLER: I don't know which way
5 we're going, though. I mean I'm still looking for
6 an answer.

7 FACILITATOR MANCARTI: Okay. Keep
8 asking the question. Okay, Mike, and then some
9 other folks over here might have had their hands
10 up and I didn't see --

11 MR. RUFO: Yeah, Mike Rufo. Well, I'm
12 not going to try to answer the question about
13 where we're going to go with this chart, but if
14 we're going to talk about it some more in some of
15 the context that have been laid out, one thing
16 that I wanted to say is we could use it as a
17 framework to the extent that people are saying we
18 all agree philosophically that this makes sense.

19 We could look at it from the point of
20 view of to what extent is the current system doing
21 these things effectively; to what extent isn't it.
22 And how does that feed into how other structures
23 might be used to fulfill those functions.

24 I would say the problem I have with the
25 current system is I don't think it encourages

1 innovation. And part of that is because of the
2 regulatory process, itself, the cycle, the annual
3 program planning cycle.

4 I mean I'm putting on my citizen hat
5 here, not my company consulting hat. It's not
6 working very well. I mean the programs are kind
7 of like oil tankers, you know, it takes five miles
8 to put the brakes on.

9 So even though we were starting to move
10 to real time evaluation, that information doesn't
11 seem to really feed back into the program planning
12 process very well.

13 And this year, I think, you know, folks
14 have tried to do that by moving up the program
15 planning process. But it almost seems like no
16 matter how far it gets moved up, you always get
17 into these meetings where the outcome is gee,
18 that's a great idea, but too late, you know, got
19 to file the forms, business as usual.

20 So, yes, I think this could be used as
21 well as other processes to get at what's working
22 and what's not working in the current system, and
23 how we all want to make it better.

24 FACILITATOR MANCARTI: Thank you. Mike
25 and then Rich.

1 MR. FERGUSON: Well, I guess I'll break
2 the unanimity. I think there are some changes
3 needed in the program. I don't think that just
4 casting what is happening in a new set of boxes is
5 where it's at.

6 And I still see this as a top-down thing
7 where some czar decides we're going to, you know,
8 we're going to have this kind of program and it's
9 going to get so much money, and this one is going
10 to get so much money. And those aren't cost
11 effective based decisions, that is a top-down,
12 bureaucratic decision that there's some politics
13 or something that needs to get satisfied. And I
14 don't think that's the way to go.

15 I mean the goal, there is only one, and
16 that is to reduce electrical demand as cost
17 effectively as possible. And anything that gets
18 in the way of that is a problem.

19 You know, this might be a structure for
20 deciding which pilot programs you want to run.
21 That might be a useful thing, useful way to do
22 some of the money. But, I mean these programs
23 have been run for ten years. We know which ones
24 are more cost effective and which ones aren't.
25 And why there should be any limits set on how much

1 money is going to be put into the most cost
2 effective programs, I can't imagine why anybody
3 would want to do that.

4 FACILITATOR MANCARTI: Okay, --

5 MR. FERGUSON: So, I -- this might be a
6 useful structure for pilot programs, but the rest
7 of it should just be driven by the economics.

8 FACILITATOR MANCARTI: Okay, Rich --

9 PRESIDING MEMBER LAURIE: No, let me
10 talk about that one for a minute. We have a PEER
11 program where we're spending \$60 million a year.
12 The Commission makes a decision as to how those
13 dollars are spent. Those are the people's
14 dollars.

15 There has to be criteria to that
16 decision making. And that criteria has to be
17 based upon some public policy as determined by
18 somebody. Without an establishment of the public
19 policy as a guide for the criteria which
20 determines the decisionmaking, then how do you
21 decide who gets the money?

22 MR. FERGUSON: I mean I think that's
23 been one of the problems with the PEER program, is
24 that, you know, there isn't a clear, cost
25 effectiveness test that you can use there. And

1 why electricity --

2 PRESIDING MEMBER LAURIE: Okay, but --

3 MR. FERGUSON: -- ratepayers should be
4 paying to figure out how to use ozone to disinfect
5 oranges that are being shipped to Japan, I haven't
6 a clue. But, I mean that is a problem with that
7 program.

8 PRESIDING MEMBER LAURIE: Okay, well, I
9 --

10 MR. FERGUSON: But here we've got, you
11 know, monetary measurements --

12 PRESIDING MEMBER LAURIE: That's not to
13 suggest that cost effectiveness should not be any
14 central part of your criteria. But is it your
15 position that there should not be a public policy
16 basis for the decisionmaking and the public policy
17 is not set. Are you suggesting that the public
18 policy is set by the market?

19 MR. FERGUSON: The policy -- my goal
20 would be to have the policy as to maximize the
21 load reductions you can obtain with the money
22 available. With whatever equity argument you have
23 to make on the private goods part of the equation.

24 And other than that, I mean I think
25 that's the overriding public policy.

1 PRESIDING MEMBER LAURIE: But somebody -
2 - there are real dollars here,

3 MR. FERGUSON: Yes.

4 PRESIDING MEMBER LAURIE: And somebody
5 has to make a decision as to who gets a lot of
6 money. And ultimately whoever is responsible by
7 legislation for managing the program, not
8 administering the program, but managing the
9 program, has to be answerable to the Legislature
10 for how that money is spent.

11 And the Legislature's going to demand
12 that the moneys be spent in a manner consistent
13 with public policy. And you need criteria to
14 measure individual applications. Because it can't
15 be on a first-come/first-served basis. Could be,
16 but not necessarily a really good idea.

17 So, I don't know how you actually
18 administer money without a public policy based set
19 of criteria that public policy determined by some
20 public body.

21 MR. FERGUSON: But why does this have to
22 be more than just cost effectiveness? That's what
23 I don't understand. It seems like you're
24 suggesting that there be --

25 PRESIDING MEMBER LAURIE: Yeah, I --

1 MR. FERGUSON: -- other criteria.

2 PRESIDING MEMBER LAURIE: -- I think
3 there may be other criteria beyond cost
4 effectiveness.

5 ASSOCIATE MEMBER PERNELL: One example
6 would be there is some value to research. And how
7 do you put a cost effective basis on research?

8 MR. FERGUSON: It's very difficult, and
9 that's why that program, the PEER program was
10 segregated because you do need a different set of
11 criteria for research. And that program was kept
12 separate.

13 FACILITATOR MANCARTI: Let's get some
14 other ideas. I mean you've posed some good
15 questions, we've got -- I'm going to sort of take
16 the prerogative and jump to Carl and Mike and come
17 back to some of the CEC Staff.

18 MR. BLUMSTEIN: Rich, I would like to
19 pose that it's just not so simple. And I know you
20 keep saying it's simple, it's simple, it's simple.
21 It's not so simple.

22 For example, just to make a simple
23 example. Suppose it were the case that there were
24 people who valued their electricity consumption
25 only a little bit more than the cost of

1 electricity. And that you could pay them half a
2 cent a kWh and they would sign a pledge that they
3 would use 7 kWh a month less. So you'd pay them
4 3.5 cents, okay, or -- and according to your
5 criteria that's what we ought to be doing.

6 MR. FERGUSON: Damn right.

7 (Laughter.)

8 MR. BLUMSTEIN: Okay, and that's really
9 wrong. That, in fact, reduces total surplus.
10 That, as almost anybody who looks at this and
11 thinks about it, would say, no, that's bad policy.

12 If you can't make a change in the
13 market, if all you can do is reduce total surplus,
14 then you shouldn't have the program. There's no
15 excuse for the program on that basis.

16 The basis for the program is in fact
17 there's inefficiency. That's why we talk about
18 energy efficiency. And if your conception of the
19 program is so simple that you would say if someone
20 is willing to sign the pledge, then all you have
21 to do is buy them out, and if that's the cheapest
22 that's what I want, I think -- it's almost
23 indefensible, the Legislature would not accept it,
24 no one would accept it.

25 FACILITATOR MANCARTI: Okay, thank you,

1 Carl. Mike, Mike, then Will --

2 MR. PARTI: I'm Michael Parti. I'd like
3 to address Commissioner Pernell's question about
4 how you decide on what research to do, because
5 that's an important decision.

6 And the suggestion I would make is that
7 as you look over the theories, your theory of the
8 way the markets are linked together, what you find
9 is that certain little bits of information have
10 more uncertainty attached to them than others.

11 And if you carry out a -- if you work a
12 program, let's say you have a simulation model
13 based on your theory -- if you work a program
14 through a market structure, using your theory,
15 then you can come out with the computed outcome.

16 Now, if the information about the market
17 link, the linkages within the market is very
18 uncertain, then it's going to turn out that your
19 prediction of the market outcome of a program will
20 also be very uncertain.

21 And so what you may want to do is to
22 allocate research dollars to those places in the
23 market that are the most uncertain. That's a
24 little simple way of saying it, but I think what
25 we can do is we can have a cost benefit criteria

1 applied to research dollars, just as we can use
2 cost benefit criteria to allocate market
3 implementations, the elements of the portfolio.

4 FACILITATOR MANCARTI: Okay, thank you.
5 Could you --

6 AUDIENCE SPEAKER: I just wanted -- I
7 think Carl made the point --

8 FACILITATOR MANCARTI: Okay, great.
9 Mike Messenger, David, Sy and then --

10 MR. MESSENGER: I want to make one last
11 point on this framework because it relates to
12 Commissioner Laurie's question, which is how do we
13 make decisions about who gets the money and how to
14 spend the money and what kinds of programs.

15 I think this framework is useful in
16 terms of describing the long-term process, but it
17 doesn't answer the question to me who in this
18 chain makes the decision about where the money
19 goes. Who decides, either on an annual basis, or
20 every five years, how much money flows to either
21 one administrator or several administrators, or
22 several programs.

23 So I would encourage the staff to, next
24 time around, come up with a similar type chart
25 that talks about money making decisions, you know,

1 how it flows through the system.

2 And I really think the way to jump start
3 the conversation to where I've heard people
4 talking about where they want to go is for people
5 to take this diagram and propose which of these
6 things you think the administrator should be
7 responsible for.

8 Because that will give us a good idea
9 about what kind of administrative firm we should
10 hire. For example, do you think that there should
11 be separation between the firm that sets the goals
12 and the firm that does the market assessment? Yes
13 or no?

14 Should there be separation between
15 market assessment and what I'm interpreting as
16 doing all the programs underneath this B area?
17 Yes or no?

18 And if the people don't have opinions
19 about that, then I would suggest as a way of jump-
20 starting the process, the staff should propose a
21 specific framework with people identified. These
22 people should do this, these people should do
23 this, these people should do this, and this is how
24 we propose it.

25 But you need to figure out a way of

1 getting into this conversation because we're
2 setting up sort of ideal abstracts that aren't, in
3 my view, getting to what are the real issues that
4 the Committee needs to wrestle with.

5 FACILITATOR MANCARTI: Okay. Thank you.
6 David, Sy, Sheryl and Will.

7 MR. ABELSON: I think at this point I'm
8 probably echoing things that others are saying.
9 But, let me just respond to a couple of things.

10 First of all, I've heard staff
11 repeatedly over the last three or four or five
12 weeks as they've tried to develop their own
13 thinking to the point of this workshop state that
14 form follows function. And I think that's largely
15 agreed to by most folks.

16 So, again, the purpose of this chart,
17 and the purpose of a lot of today's workshop is to
18 try to ascertain whether there's a fundamental
19 consensus or not about the core functions of this
20 program in the future at its macro-level.

21 There was a comment made earlier about
22 is this chart presupposing some answers from the
23 standpoint of staff. I cannot represent to you
24 that I can peer inside the mind of staff
25 individually, but I can tell you that collectively

1 we are thinking about the approach that you're
2 hearing us talk about today, which is to say that
3 if these are the functions, what are your choices.
4 How well have those choices worked in the current
5 environment. Where have there been weaknesses in
6 them, where have there been strengths in them.

7 And we're going to try to bring to bear
8 the most objective thinking we can about how these
9 functions might be effectively administered in the
10 future.

11 And someone -- a third person said,
12 well, why don't you look at what's happening with
13 CB and learn from it. And all I can say is I
14 think that's an excellent suggestion as part of
15 our process.

16 So those are just three thoughts I
17 wanted to echo back, because I do sit with staff
18 in a lot of these sessions that give rise to these
19 public sessions.

20 FACILITATOR MANCARTI: Sy, and then
21 Sheryl, Will and Chris.

22 MR. GOLDSTONE: I'm just sort of picking
23 up on what a number of people said, but I think
24 from a staff perspective, one of the most
25 important parts of this paradigm is that we want

1 to open it up to new creative innovative ideas, on
2 a small scale, pilot scale basis, supported by
3 theory.

4 It goes to the issue, I think, Mike Rufo
5 raised earlier. I don't know to what extent
6 there's an oil tanker problem with the way it's
7 currently running, because I'm not following that
8 closely. So if that's not the case, fine. But if
9 that is the case, this approach would help cure
10 that problem.

11 So that's one of the most important
12 parts to create a coherent structure which
13 encourages bottoms-up, could be tops-down, too,
14 creativity and innovation wherever it occurs, and
15 testing out on a small scale basis, on a prudent
16 basis, so we aren't taking big risks with public
17 funds.

18 And some of those new ideas may, in
19 fact, -- I'm going to Commissioner Pernell, your
20 question -- may, in fact, if we have a lot of
21 uncertainty, may justify and require, actually,
22 some research to get a better understanding of how
23 these markets operate.

24 So all that is part of this package,
25 this paradigm.

1 FACILITATOR MANCARTI: Okay, thank you.
2 Sheryl.

3 MS. CARTER: I wanted to try and address
4 Commissioner Laurie's --

5 FACILITATOR MANCARTI: Can you identify
6 yourself, please?

7 MS. CARTER: Sorry, Sheryl Carter, NRDC.
8 I wanted to try and respond to Commissioner
9 Laurie's question about what we think the
10 Legislature wants. I think they asked all these
11 questions not so they would have all that detail
12 to put into legislation, but I think to be the
13 background that they needed to do the legislation
14 they think they needed.

15 And based on at least my personal
16 discussions with some of the legislators, I mean
17 they're looking to put legislation together that
18 establishes the overall goal for the program, the
19 over-arching goal, a broad-based set of principles
20 or criteria for program expenditures, and also
21 they're looking for an answer from you as who they
22 should designate to have responsibility for
23 different parts of this system.

24 In other words, who should have
25 oversight, who should administer, maybe a separate

1 entity should do market assessment, and who should
2 be implementers. That type of a thing on that
3 type of a level.

4 I do not believe that they want the
5 detail of, you know, who should be on the board
6 and what their bio should be and that kind of --
7 not at all. I don't think that they -- I mean at
8 least most legislators that I've dealt with like
9 as little detail as possible. They want a lot in
10 terms of information for the background, but in
11 terms of what they put in the legislation, not
12 much.

13 And also looking for, you know, what the
14 amount of the Fund should be, and why. So I think
15 that they're looking at that level from us.

16 FACILITATOR MANCARTI: Thank you,
17 Sheryl. Will, Chris and then that might be a time
18 to take a quick break. Come back, finish the
19 conversation. And then move into adjournment,
20 closing, so that we can adjourn at 4:00.

21 MR. NELSON: First some background, and
22 then I will make recommendations, since we are in
23 this truncated process that Mr. Sugar referred to.

24 AB-1890 was clearly transitional
25 legislation in many respects. It fits the good

1 plan for some areas like the ISO, a fairly
2 structured plan. In other areas it was more jury-
3 rigged. This was clearly one of the more jury-
4 rigged areas that the Legislature is now asking
5 for clear direction from.

6 The process over the last two years has
7 been very difficult in terms of the set-up of the
8 CB and its running. And there has been continuing
9 contention about it. However, it is a framework.
10 It does work. The CPUC has a decisionmaking
11 process. It's often very cumbersome, it's often
12 very demanding. It doesn't have the feedback
13 loops that are required. But in other ways it's
14 very protective of the ratepayers, of the process.
15 It's very demanding of the utilities in terms of
16 oversight of its management. So, it does have
17 positive points.

18 I would disagree with Mr. Messenger that
19 this flow chart could be a template for an
20 organizational chart for administrative
21 recommendations to the Legislature. I don't think
22 it can be used as that basis.

23 You might be able to draw from it and
24 infer from it in some respects, but I would not
25 use it as a template.

1 Here are my recommendations in looking
2 forward. I'm not going to go down to detail of
3 administrative mechanisms because that would be
4 another all-day working session on what are
5 administrative structures that we could look at.
6 And we've spent two to three years in working
7 groups doing exactly that.

8 But here are the general principles I
9 would like to recommend to you to think about. In
10 energy efficiency services there are what I term
11 narrow scope services and broad scope services. I
12 create that division in order to assign them to
13 the two different agencies.

14 Narrow scope I assign to the domain of
15 the PUC. Broad scope I see as being more under
16 the domain of the CEC.

17 An example of narrow scope services that
18 can affect energy efficiency outcome in measures
19 are what happens around the meter; how the meters
20 are distributed; how they're used; how they're
21 read; how bills are presented. Billing services,
22 that's another area.

23 The point is there are a number of
24 services that could be categorized into a narrow
25 scope.

1 There's a lot of other services that are
2 more diffuse in nature. That the PUC has never
3 really been comfortable with. They don't directly
4 regulate it in the fashion that the CEC does.
5 Most obvious example is the building standards.
6 So clearly, there's a role for this agency to play
7 in that area.

8 I'm telling you much of what you know,
9 but I'm just affirming something. I want to take
10 it a couple of steps further as far as the
11 recommendations.

12 I believe the PUC should retain the
13 ratemaking authority, number one. It should
14 continue to be treated as a rate component. It
15 should continue to be the agency for the overall
16 fund allocations, i.e., residential class,
17 commercial and industrial, the overall fund
18 allocations.

19 This would not be chapter-and-verse
20 detail. This would not be the program
21 applications as they're termed that they currently
22 have. But they would continue to make -- they
23 might not even have to make them annually. They
24 might make them biannually. Initially they would
25 probably continue to make them annually.

1 I would recommend that recommendation at
2 this point. You might want to consider what the
3 proximate division in your estimate of narrow
4 scope and broad scope is. Maybe that's 40/60;
5 maybe it's 30/70; maybe it's 50/50.

6 FACILITATOR MANCARTI: Will, could you
7 wrap up in a minute.

8 MR. NELSON: The narrow scope services
9 might continue to be associated with the utility,
10 whatever. You could leave that, the Utilities
11 Committee as set. They now have a CB. We've had
12 a difficult process. But there is a
13 decisionmaking process over there for them to deal
14 with that narrow scope.

15 And in other respects, I'm very amenable
16 to the CEC stepping forward as an overall contract
17 manager. What I must emphasize is this, whatever
18 administrative plan you bring to the Legislature
19 in your transition report, the better described,
20 the better reasoned -- and I don't want to talk
21 about the better detailed -- but it needs to be
22 persuasive.

23 If it's not well grounded, because so
24 many parties have spent so much time in this area,
25 the other parties are going to go off and then

1 start working on other plans again. This is not
2 said by way of any sort of trying to pressure the
3 process. It's because of what so many parties
4 have invested into the process.

5 Thank you.

6 FACILITATOR MANCARTI: Thanks, Will.
7 Chris, and then we'll take a break.

8 MR. CHOUTEAU: The model is, I think, a
9 really fair representation of what a program
10 manager does and how a program manager thinks.
11 And I think it's encouraging to see that.

12 And I want to say that as the Commission
13 thinks about the recommendations of the
14 Legislature, I'm very much in support of what
15 Sheryl had to say about the level of information
16 they're looking for.

17 And obviously one of the critical
18 recommendations is how should this be
19 administered. And when you look at that it's more
20 than just the model for how to develop a program,
21 or how a program manager thinks. It's really the
22 model of what does it take to really be successful
23 as an administrator of these programs. What are
24 the attributes of a successful administrator.

25 And, you know, as one model of

1 administrator, I can tell you what things I think
2 are important. You know, a really close
3 connection with customers. A really close
4 connection with markets. A good reputation with
5 the participants, players, vendors, manufacturers,
6 customers and the marketplace.

7 A theoretical basis in knowledge; a
8 connection to emerging technologies, research,
9 government labs. A really strong connection to
10 state policy and federal policy. And the agencies
11 that carry out that policy.

12 Strong financial contracting; legal
13 skills. Good --

14 PRESIDING MEMBER LAURIE: You mean
15 everything that a public nonprofit benefit
16 corporation should have?

17 (Laughter.)

18 MR. CHOUTEAU: What I'm familiar with in
19 terms of one model.

20 PRESIDING MEMBER LAURIE: I see.

21 MR. CHOUTEAU: You know, so I'm just
22 talking from my experience about, you know, what
23 it's taken.

24 FACILITATOR MANCARTI: Great. Thank
25 you, Chris.

1 What I'd like to do is suggest that we
2 break until 3:15. The Commissioners will probably
3 have some final questions for you, so upon the
4 return we'll start there.

5 (Brief recess.)

6 FACILITATOR MANCARTI: I'm going to ask
7 Kae to provide some reflection on what she just
8 heard as a representative of the team that's
9 working on this material.

10 And then we'll move to the
11 Commissioner's table and see if the Commissioners
12 have any final questions that they would like some
13 response from you.

14 And then we will move into closing.
15 We've had a long, full day. So, we're not going
16 to continue this longer than we have the energy
17 for.

18 So, if Kae could begin by sharing some
19 of her thoughts on what she has heard in this
20 afternoon session, we'll start there.

21 MS. LEWIS: I just wanted to make a few
22 comments. First of all, I want to thank everybody
23 for participating in this conversation about the
24 planning framework. It's going to be extremely
25 helpful to us as we go and work further on this

1 and flesh it out.

2 I also wanted to point out that a couple
3 of the issues that were raised here, I want you to
4 know that we are definitely working on them. One
5 is the ramifications of this for the
6 administrative structure. Someone mentioned form
7 follows function, and that was really precisely
8 our point was to get some level of agreement on
9 function before we made recommendations for form.

10 Also, it has been raised, the issue of
11 the evaluation of the current CB program is
12 relative to this. We've talked about some
13 principles and criteria, and we are definitely
14 working on evaluation of current programs using
15 this framework.

16 And also wanted to mention that to
17 follow up with the discussion on administrative,
18 the ramifications for the administrative
19 structure. We're going to be taking that up at
20 the next workshop on October 1st.

21 FACILITATOR MANCARTI: Thank you, Kae.
22 Moving to the Commissioners' table, is there any
23 final questions that you would like to pose of the
24 participants in the workshop?

25 ASSOCIATE MEMBER PERNELL: I would defer

1 to you.

2 PRESIDING MEMBER LAURIE: I don't think
3 so.

4 FACILITATOR MANCARTI: No further
5 questions? Okay. Then that leaves any final
6 remarks that any of you would like to make in
7 regards to the material that we've covered today,
8 or anything that may be forecasts of what you will
9 bring to the future workshops. So this is sort of
10 an open mike session. And we have Ignacio and
11 Floren, I haven't had a chance to meet you yet.
12 Thanks for helping this afternoon.

13 Any final remarks?

14 MS. TEN HOPE: I have one question that
15 either if people want to respond now or I think it
16 would be useful to get something submitted.
17 Someone mentioned, or several people have actually
18 mentioned the importance of maintaining what's
19 working now.

20 And then some people disagree, that say,
21 you know, I don't really like what's going on
22 right now.

23 To have that articulated in terms of
24 what do you think is working now, more
25 specifically than to say the framework's working,

1 the process is working, whatever. Some specifics
2 about what specifically is working, or what
3 specifically you want to see revised.

4 It would be helpful because this is
5 really our program planning workshop, and it's
6 maybe our only opportunity to hear some of that.

7 FACILITATOR MANCARTI: Mike. Mike, is
8 this a response to Laurie's comment? No.

9 AUDIENCE SPEAKER: Do you want me to?

10 FACILITATOR MANCARTI: Hang on. Let's
11 see if there's a response to any -- anyone have a
12 response to Laurie's -- Ann?

13 AUDIENCE SPEAKER: Did you want it now
14 or in writing?

15 MS. TEN HOPE: Either way is fine with
16 me. I don't know what the Committee wants.

17 FACILITATOR MANCARTI: Ann.

18 ASSOCIATE MEMBER PERNELL: If there's a
19 response now we can hear it now.

20 FACILITATOR MANCARTI: Could you
21 identify yourself, please?

22 MS. KELLY: I'm Ann Kelly; I'm
23 representing two nonprofits, Home Energy Magazine
24 and Affordable Comfort.

25 And most of the work that we've been

1 doing over the years is in training professionals.
2 And I don't know that this has come up at all
3 directly in all these discussions, but what I can
4 say I think has been working is when there is some
5 emphasis given on training contractors, builders
6 and such, in these new technologies that are out
7 here, and that that is something that I urge
8 everyone to consider to continue.

9 Because it does provide -- not only does
10 it provide services to customers, but these
11 services haven't existed before. And many
12 customers get very disappointed because they are
13 interested in energy efficiency and they may be
14 educated, and they may be aware through different
15 programs, but when they actually ask for the
16 service it's hard to get it.

17 Those contractors that have taken a
18 whole house integrated approach and understand how
19 to make homes more energy efficient actually have
20 with many documented cases of where they're very
21 successful business people. And this is, in fact,
22 the beginnings of some great market transformation
23 in terms of that.

24 So I just wanted to put that on the
25 record that in the future that we've seen some

1 successes, and that I hope that would continue.

2 FACILITATOR MANCARTI: Thank you, Ann.
3 Any other follow-ups to Laurie? Will. If you
4 could be brief, and then maybe you could submit
5 something in writing a little later, as well, that
6 would be great.

7 MR. NELSON: I'll just say this.
8 Probably the weakest program area is the
9 residential program area. There's a lot of
10 reasons for that.

11 The avenues to bringing energy
12 efficiency to residential customers are not as
13 direct as commercial and industrial, who have a
14 bigger stake usually in their bill. Because it's
15 a more diffuse market, I believe that the Energy
16 Commission has a better understanding of this
17 area, and their history, your history in the
18 experience of the Commission makes it a better
19 candidate for this area generally. So that's just
20 a general comment.

21 In the small commercial area that is
22 also probably one of the weakest program areas.
23 Now, the present setup is trying to address both
24 of these weak areas. It may be that standard
25 performance contracting or some of these other

1 methods do start to work better in the small
2 commercial area. That remains to be seen. That
3 should be looked at.

4 But that's all I have to say for now,
5 thank you.

6 FACILITATOR MANCARTI: Thank you, Will.
7 Any final remarks to Laurie's question? Okay.
8 Doesn't look like there are.

9 Okay, Michael, any closing remarks any
10 of you would like to make?

11 MR. MESSENGER: I want to pose this
12 question to the staff team and the participants,
13 because I'm trying to think about what's going to
14 happen at the next workshop.

15 And I can see two possibilities. And it
16 would be good if we could get some input from
17 participants, either now or later about which
18 possibility they would prefer.

19 One is the staff comes in and makes a
20 proposal. Says here's the information that we did
21 before in terms of functions. This is what we
22 propose to do in terms of who does what function
23 and how a system works. And it's considered a
24 strawman proposal. With the full knowledge that
25 it may be attacked by a variety of different

1 parts, some people are going to like it, some
2 people are going to hate it. And then build off
3 of that to some altered recommendation.

4 The second thing that could happen is we
5 could have something like happened today where we
6 have a very theoretical discussion of the pros and
7 cons of alternatives and not put together, don't
8 have a proposal on the table. Just essentially
9 continue to ask for input from people about well,
10 what do you think you would like for
11 administrator, what do you think you would like
12 for a governing structure.

13 So, the answer to this question hinges
14 on how quickly and to what extent you think it's
15 important to get a proposal out on the table being
16 discussed, as opposed to staying with principles
17 and theories. And we need some input, I think,
18 about whether you want a real proposal coming
19 forward, or whether you prefer us to stay at this
20 higher level.

21 FACILITATOR MANCARTI: Looks like Mark
22 has a response.

23 MR. BERMAN: Thanks. I think there's a
24 third possibility which I would advocate, and that
25 is rather than a proposal or a theoretical

1 discussion, you could propose a limited number of
2 options, say four or five, with pros and cons for
3 each. And get that out ahead of time and then
4 enable people to come in and discuss which of
5 those limited number of options they prefer and
6 why.

7 And there might still be some time,
8 limited time left for are there other options that
9 we didn't include that should be. But I think
10 that will somewhat narrow the discussion and from
11 there the Commission or the staff, pardon me,
12 could move to a definitive proposal.

13 But you haven't got much time left.
14 There isn't time, in my opinion, for more highly
15 theoretical discussions such as went on today.
16 You've got a report due. And there's a risk,
17 there's a real risk. If that report is not well
18 thought out, the Legislature will do nothing.
19 There won't be a public goods charge. There won't
20 be a PEER program and there won't be market
21 transformation.

22 Maybe it will come back three years
23 later. In the meantime the infrastructure will go
24 away. So there's a lot riding on your shoulders
25 right now. This report needs to do its job and

1 provide some clarity, not consensus. My god, if
2 you go for consensus we'll get nowhere. But at
3 least clarity.

4 So that's what I would beg for. Thank
5 you.

6 FACILITATOR MANCARTI: Final remarks.
7 Will, Sheryl, and then David.

8 MR. NELSON: Just a very brief response.
9 I'm amazed at how often I'm thinking the same
10 thoughts as Mike, only I would put it this way.
11 Rather than bring us one proposal, even though
12 it's straw, kind of sets up an adversarial
13 dynamic.

14 But I wouldn't recommend bringing in
15 four or five. I would recommend bringing in two
16 that have a different take. One has a very
17 different take, not a rigid -- not a, you know,
18 utility versus California Energy Commission, but
19 somewhat a little bit more flexible take. But a
20 distinctly different take.

21 Bring us two proposals and that would be
22 a good working basis.

23 FACILITATOR MANCARTI: Thank you, Will.
24 Sheryl, and then David.

25 MS. CARTER: I actually agree with Will.

1 I agree with Will?

2 (Laughter.)

3 MS. CARTER: Two, you know, maybe three
4 tops. But I think the important thing to get at
5 here is not just pros and cons. I mean we're way
6 beyond the theoretical, we've been there, done
7 that, over and over again.

8 There are some really crucial questions
9 that go along with any of these models. And they
10 are legal, they are practical, they are, you know,
11 transition type questions that we need to start to
12 get at. And these proposals should include at
13 least the questions, if not a stab at what the
14 answers are. Or is there an answer.

15 Because my guess is that in some of
16 these cases we may not find a practical answer.
17 So my suggestion would be that these proposals
18 include those kind of questions and potential
19 solutions. Because that's really the crux of the
20 issue here.

21 I mean if we're going to come up with a
22 proposal, and we can't answer the questions, we've
23 already done that. That's one of the problems
24 we've had in the last couple of years. And I
25 wouldn't want to see us do that again.

1 FACILITATOR MANCARTI: Sheryl, can you
2 put together a list of questions?

3 MS. CARTER: Well, I think, you know,
4 it's -- I'd be glad to. I'm sure everybody could
5 take a stab at it. But, I think it's already been
6 done in some cases.

7 FACILITATOR MANCARTI: Okay. David.

8 MR. ABELSON: My question is actually
9 process oriented with regard to these last two
10 points. And I don't know whether I should turn to
11 Commissioner Laurie or to John Sugar for the
12 answer, but as I understand it we have one more
13 Committee workshop scheduled before the draft.
14 And that is on October the 12th.

15 So my question is is it the intent of
16 staff or the Committee or both at this point that
17 that workshop would be around administrative
18 structure issues, whatever format they take. And
19 if so, is it also to include funding level
20 questions, which is a fundamental issue in this
21 report. What should the scope, funding size of
22 the program be overall.

23 If not, is that going to be deferred
24 until the draft report, itself, comes out and we
25 have a workshop in November.

1 And, finally, I guess, is there any
2 intention of having any staff workshops, not
3 Committee workshops, separate from the workshop on
4 the 12th of October, and the one in November?

5 MR. SUGAR: Okay, well, in my closing
6 comments in a few minutes I'm going to say that
7 we're planning a staff workshop on administration.
8 And it looks like October 1st is going to be the
9 date. We'll have a notice out on that.

10 And while we need to discuss with the
11 Committee the role of the third workshop, our
12 initial thinking is that it will revolve around
13 administrative structure and, you know, program
14 funding, future program funding.

15 Yeah, and I'll say that in a few
16 minutes.

17 (Laughter.)

18 FACILITATOR MANCARTI: Okay, any other
19 final comments? Any final comments?

20 John, do you want to say it again?

21 MR. SUGAR: Okay. Staff is planning to
22 have --

23 FACILITATOR MANCARTI: John, --

24 (Laughter.)

25 MR. SUGAR: -- a workshop on

1 administrative structure. It looks like October
2 1st is the date we're trying to make sure that the
3 appropriate staff people are available and that
4 Gail is available to assist us.

5 Staff will get a document out ahead of
6 time. We're going to be taking into consideration
7 what people have said here. We're going to see
8 how far we can get and what we're able to get out
9 in the way of proposals or material that we can
10 use, -- as a stalking horse to get comments.

11 I just want to repeat again that in this
12 process, because it is pretty accelerated, there
13 are relatively few opportunities for parties to
14 comment. If, as a result of the discussions
15 today, there is material that you would like to
16 get to us, please write it down and submit it to
17 us. Please don't wait until we have a draft
18 report out.

19 The more ideas we can at least see,
20 discuss with the Committee so that they can be
21 incorporated, where appropriate, ahead of time,
22 the better the report will be. The more likely it
23 is that we will accurately be able to reflect your
24 thinking.

25 I'd like to just take a moment out to

1 thank Don Kazama here for making this sound system
2 work, because it's not designed to be used with
3 portable microphones, and this has been very
4 helpful. Don spent his weekend in a workshop --
5 in his workshop putting materials together.

6 I'd like to thank those people who have
7 participated. If you have questions about the
8 process, please feel free to give me a call. The
9 next Committee workshop is planned for the 12th of
10 October. There will be a draft workshop on
11 November 15th. The draft is due to the Energy
12 Commission approximately the 5th of December, so
13 that it can be approved hopefully by the entire
14 Commission, and go to the Legislature in the first
15 of the year 2000.

16 The draft workshop will be November
17 15th. This will be a workshop on the report. We
18 anticipate having a draft report out in very early
19 November.

20 FACILITATOR MANCARTI: And we now turn
21 to the Commissioners' table for any concluding
22 remarks that they may have -- oh, I'm sorry, --

23 MR. McNULTY: -- all these things that
24 are on the wall here, my assumption is that the
25 court reporter needs to type these somehow and put

1 them into the record. That's my assumption.

2 Is it possible to get a copy of these so
3 we could take it back to our respective
4 organizations?

5 MR. SUGAR: That's a good question. The
6 transcript -- we get an electronic copy of the
7 transcript and that goes to -- is available on the
8 list server just as -- or somewhere on the web,
9 which is what we've done with the previous
10 transcript.

11 We will type these up. Staff will type
12 these up and we will try to get them out -- let's
13 see, today is a Thursday, so hopefully the middle
14 of next week we'll try to make them available on
15 the list server.

16 MR. McNULTY: These separately?

17 MR. SUGAR: Yes.

18 MR. McNULTY: Thank you.

19 FACILITATOR MANCARTI: All right, thank
20 you.

21 Commissioners? Final comments?

22 ASSOCIATE MEMBER PERNELL: I would just
23 like to thank everyone for spending the day with
24 us here. A lot of good ideas came out, a lot of
25 comments. But I want to assure you of one thing

1 that this report will be well thought out, and
2 we're not taking this lightly at all.

3 But we, as I said before, we want to
4 include you, this is an inclusionary process. And
5 so we don't want to go and put this report
6 together in someone's office and then say, here it
7 is. We want to include you in there, that's what
8 these proceedings are about.

9 And I certainly, on behalf of the
10 Commissioners, thank you for coming out and
11 participating.

12 PRESIDING MEMBER LAURIE: Thank you.

13 FACILITATOR MANCARTI: We are adjourned.

14 (Whereupon, at 3:40 p.m., the workshop
15 was adjourned.)

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CERTIFICATE OF REPORTER

I, DEBI BAKER, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Workshop; that it was thereafter
transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
Workshop, nor in any way interested in the outcome
of said Workshop.

IN WITNESS WHEREOF, I have hereunto set
my hand this 12th day of September, 1999.

DEBI BAKER

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